

The Set Me Free Project

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
December 31, 2019

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Gene DeBoer, CPA Eryn Stevens, CPA
Chery DeBoer, CPA Brad Yoder, CPA
Chris Wassenaar, CPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
The Set Me Free Project

Report on the Financial Statements

We have reviewed the accompanying financial statements of The Set Me Free Project (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of December 31, 2019, and the related statement of revenues, expenses, and change in net assets-modified cash basis, and functional expenses-modified cash basis for the year ended December 31, 2019, and the related notes to the financial statements. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

December 17, 2020

THE SET ME FREE PROJECT
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-
MODIFIED CASH BASIS
DECEMBER 31, 2019

ASSETS	
Current assets	
Security deposit	\$ 389
Total current assets	<u>389</u>
TOTAL ASSETS	<u>\$ 389</u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Cash overdraft	\$ 36
Accounts payable	364
Credit card liability	<u>3,349</u>
Total current liabilities	3,749
Net assets	
Without donor restrictions	(4,472)
With donor restrictions	<u>1,112</u>
Total net assets	<u>(3,360)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 389</u>

The accompanying notes are an integral part of these financial statements.

THE SET ME FREE PROJECT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS-
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS			
Contributions	\$ 92,143	\$ -	\$ 92,143
Grant income	44,000	-	44,000
Special event income	19,230	-	19,230
Total support and revenue	155,373	-	155,373
EXPENSES			
Program expenses	92,357	-	92,357
Management & General	60,202	-	60,202
Fundraising	9,326	-	9,326
Total expenses	161,885	-	161,885
Decrease in net assets	(6,512)	-	(6,512)
Net assets as of beginning of year	2,040	1,112	3,152
Net assets as of end of year	\$ (4,472)	\$ 1,112	\$ (3,360)

The accompanying notes are an integral part of these financial statements.

THE SET ME FREE PROJECT
STATEMENT OF FUNCTIONAL EXPENSES-MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Service	Management and General	Fundraising	Total
Salaries	\$ 63,286	\$ 42,191	\$ -	\$ 105,477
Payroll taxes	4,632	3,088	-	7,720
Supplies	3,176	353	-	3,529
Professional services	-	2,332	-	2,332
Office expenses	5,254	3,502	-	8,756
Occupancy expense	1,566	6,264	-	7,830
Travel	8,602	-	-	8,602
Cost of direct benefit to donors	-	-	9,326	9,326
Payroll fees	994	663	-	1,657
Interest expense	-	575	-	575
Insurance	1,847	1,234	-	3,081
Scholarship expense	3,000	-	-	3,000
Total expenses by function	\$ 92,357	\$ 60,202	\$ 9,326	\$ 161,885

**THE SET ME FREE PROJECT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Set Me Free Project is a non-profit organization (the Organization) established in 2015 organized for the following purposes:

The Organization's mission is to bring prevention education to youth and families to stop human trafficking before it starts. The Organization develops and presents education curriculum designed to engage and empower participants and offers fun and flexible programming for all groups so that everyone can take a stand against human trafficking.

Basis of Accounting

The Organization's financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis differs from generally accepted accounting principles because the revenue is recorded when received and there is not an accrual of promises to give.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

THE SET ME FREE PROJECT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Estimates

The preparation of financial statements on the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Tax Status

The Set Me Free Project is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes. The Organization files tax returns in the U.S. federal and state jurisdictions. The Organization is no longer subject to U.S. federal, state and local examinations by tax authorities for years before 2017.

The basis of accounting described in Note 1 requires plan management to evaluate tax positions taken by the organizations and recognize a tax liability (or asset) if the organization has taken an uncertain position with the Internal Revenue Service. The Organization has analyzed the tax positions and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The organization is subject to examination by taxing jurisdictions; however, there are currently no audits for any open tax periods.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2019, all deposits were insured.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests a portion of its cash in investments.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 are:

Financial Assets:

Cash & cash equivalents	\$ (36)
Less: Donor restrictions for specific purposes	<u>1,112</u>
Amount available for general expenditures within one year	<u>\$ (1,076)</u>

THE SET ME FREE PROJECT NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FUNCTIONAL EXPENSE RECOGNITION AND ALLOCATION

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and the statement of functional expenses by nature and function. Expenses are identified with a specific program or support service and are charged directly to that program or support service.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are available for the following purposes as of December 31, 2019:

Sydney Loofe Memorial Scholarship Fund	\$1,112
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NOTE 6 – SUBSEQUENT EVENT

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's fundraising and contributions.

NOTE 7 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through December 17, 2020, the date the financial statements were available to be issued.