

The Set Me Free Project

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
December 31, 2021 and 2020

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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, 2021 and 2020, and the related statement of revenues, expenses, and change in net assets-modified cash basis and functional expenses-modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. 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.

We are required to be independent of The Set Me Free Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements to our review.

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.

September 29, 2022

**THE SET ME FREE PROJECT
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-
MODIFIED CASH BASIS
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 23,276	\$ 27,407
Security deposit	-	389
Total current assets	<u>23,276</u>	<u>27,796</u>
TOTAL ASSETS	<u>\$ 23,276</u>	<u>\$ 27,796</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
ST Loan Payable	\$ 20,000	\$ -
Retirement Payable	3,000	-
Total current liabilities	<u>23,000</u>	<u>-</u>
Long-term liabilities		
PPP Loan	-	28,060
Total Liabilities	<u>23,000</u>	<u>28,060</u>
Net assets		
Without donor restrictions	<u>276</u>	<u>(264)</u>
Total net assets	<u>276</u>	<u>(264)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,276</u>	<u>\$ 27,796</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS			
Contributions	\$ 118,285	\$ -	\$ 118,285
Grant income	110,961	-	110,961
Program Service Revenue	3,916	-	3,916
Special event income	51,611	-	51,611
Other income	3,285	-	3,285
Total support and revenue	288,058	-	288,058
EXPENSES			
Program expenses	161,230	-	161,230
Management & General	98,749	-	98,749
Fundraising	27,539	-	27,539
Total expenses	287,518	-	287,518
Change in net assets	540	-	540
Net assets as of beginning of year	(264)	-	(264)
Net assets as of end of year	\$ 276	\$ -	\$ 276

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS			
Contributions	\$ 103,797	\$ -	\$ 103,797
Grant income	125,920	-	125,920
Program Service Revenue	1,500	-	1,500
Special event income	20,480	-	20,480
Other income	112	-	112
Release of restricted net assets	1,112	(1,112)	-
Total support and revenue	252,921	(1,112)	251,809
EXPENSES			
Program expenses	146,616	-	146,616
Management & General	68,769	-	68,769
Fundraising	33,328	-	33,328
Total expenses	248,713	-	248,713
Change in net assets	4,208	(1,112)	3,096
Net assets as of beginning of year	(4,472)	1,112	(3,360)
Net assets as of end of year	\$ (264)	\$ -	\$ (264)

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, 2021

	Program Service	Management and General	Fundraising	Total
Salaries	\$ 126,285	\$ 54,122	\$ -	\$ 180,407
Payroll taxes	9,779	4,191	-	13,970
Cost of direct benefit to donors	-	-	21,027	21,027
Insurance	1,989	853	-	2,842
Miscellaneous Expense	-	4,315	-	4,315
Occupancy expense	-	6,618	1,654	8,272
Office expenses	-	8,011	2,003	10,014
Payroll fees	1,436	615	-	2,051
Professional services	2,696	10,784	-	13,480
Programming Expense	16,592	-	-	16,592
Staff Training	435	54	54	543
Supplies	2,018	-	505	2,523
Travel	-	9,186	2,296	11,482
Total expenses by function	\$ 161,230	\$ 98,749	\$ 27,539	\$ 287,518

THE SET ME FREE PROJECT
STATEMENT OF FUNCTIONAL EXPENSES-MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Service	Management and General	Fundraising	Total
Salaries	\$ 109,103	\$ 46,759	\$ -	\$ 155,862
Payroll taxes	8,669	3,715	-	12,384
Cost of direct benefit to donors	-	-	27,788	27,788
Insurance	2,188	3,170	-	5,358
Interest expense	4,134	-	-	4,134
Occupancy expense	-	7,626	1,906	9,532
Office expenses	7,468	5,150	1,288	13,906
Payroll fees	2,035	873	-	2,908
Professional services	301	1,204	-	1,505
Staff Training	220	28	28	276
Supplies	4,145	244	792	5,181
Travel	8,353	-	1,526	9,879
Total expenses by function	\$ 146,616	\$ 68,769	\$ 33,328	\$ 248,713

**THE SET ME FREE PROJECT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

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. Only credit card liabilities, payroll taxes liabilities, or notes payable are reported. Accounts payable or accrued expenses, if they exist, are not included.

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 2018.

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 , 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, 2021 and 2020, 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, 2021 and 2020 are:

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash & cash equivalents	\$ <u>23,276</u>	\$ <u>27,407</u>
Amount available for general expenditures within one year	\$ <u>23,276</u>	\$ <u>27,407</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 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through September 29, 2022, the date the financial statements were available to be issued.