

ARAMINTA FREEDOM INITIATIVE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014

ARAMINTA FREEDOM INITIATIVE, INC.

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For the Year Ended December 31, 2014

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Certified Public Accountants

# Grandizio, Wilkins, Little & Matthews, LLP

Towson Office:  
1122 Kenilworth Drive  
Suite 413  
Towson, MD 21204

Millersville Office:  
8370 Veterans Highway  
Suite 104  
Millersville, MD 21108

Henry A. Grandizio, CPA/MS  
Harry T. Wilkins, CPA/MPA  
G. Arthur Little, CPA  
Daniel L. Harrington, CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Araminta Freedom Initiative, Inc.  
Baltimore, Maryland

We have audited the accompanying financial statements of Araminta Freedom Initiative, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Araminta Freedom Initiative, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Grandizio, Wilkins, Little & Matthews, LLP*

Grandizio, Wilkins, Little & Matthews, LLP  
June 26, 2015

ARAMINTA FREEDOM INITIATIVE, INC.  
STATEMENT OF FINANCIAL POSITION

December 31, 2014

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 41,634
Accounts Receivable	11,555
Inventory	3,474
Prepaid Expenses	<u>2,333</u>
 TOTAL CURRENT ASSETS	 <u>58,996</u>
 PROPERTY AND EQUIPMENT	
Furniture and Fixtures	7,314
Less: Accumulated Depreciation	<u>(2,995)</u>
 NET PROPERTY AND EQUIPMENT	 <u>4,319</u>
 TOTAL ASSETS	 <u>\$ 63,315</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 625
Accrued Expenses	<u>13,145</u>
 TOTAL LIABILITIES	 13,770
 NET ASSETS	
Unrestricted	<u>49,545</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 63,315</u>

The independent auditors' report and accompanying notes  
are an integral part of these financial statements.

ARAMINTA FREEDOM INITIATIVE, INC.  
STATEMENT OF ACTIVITIES

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For the Year Ended December 31, 2014

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UNRESTRICTED NET ASSETS

UNRESTRICTED REVENUE AND SUPPORT

Contributions	\$ 233,759
Fundraising Income	7,212
Programming Income	2,678
Sales of Merchandise	<u>2,923</u>

TOTAL UNRESTRICTED REVENUE  
AND SUPPORT

246,572

FUNCTIONAL EXPENSES

Program and Service	218,643
Management	24,084
Fundraising	<u>6,244</u>

TOTAL FUNCTIONAL EXPENSES

248,971

CHANGE IN NET ASSETS

(2,399)

Net Assets - Beginning of Year

51,944

NET ASSETS - END OF YEAR

\$ 49,545

The independent auditors' report and accompanying notes  
are an integral part of these financial statements.

ARAMINTA FREEDOM INITIATIVE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	Program Service	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES				
Cost of Merchandise	\$ 1,892	\$ -	\$ -	\$ 1,892
Travel and Conferences	3,404	378	-	3,782
Programming	8,990	999	-	9,989
Payroll, Payroll Taxes and Employee Benefits	183,768	20,419	-	204,187
Insurance - General	3,505	390	-	3,895
Service Fees	3,096	344	-	3,440
Marketing	2,384	265	-	2,649
Supplies and Equipment	1,451	161	-	1,612
Depreciation	1,656	184	-	1,840
Professional Fees	8,497	944	-	9,441
Events	-	-	6,244	6,244
Rent	-	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 218,643</b>	<b>\$ 24,084</b>	<b>\$ 6,244</b>	<b>\$ 248,971</b>

The independent auditors' report and accompanying notes  
are an integral part of these financial statements.

ARAMINTA FREEDOM INITIATIVE, INC.  
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (2,399)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	1,840
(Increase) Decrease in Accounts Receivable	(8,255)
(Increase) Decrease in Inventory	(73)
(Increase) Decrease in Prepaid Expenses	669
Increase (Decrease) in Accounts Payable	625
Increase (Decrease) in Accrued Expenses	<u>7,342</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(251)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Furniture and Fixtures	<u>(1,597)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,597)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,848)
Cash and Cash Equivalents - Beginning of Year	<u>43,482</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 41,634</u></u>

The independent auditors' report and accompanying notes  
are an integral part of these financial statements.

ARAMINTA FREEDOM INITIATIVE, INC.  
NOTES TO FINANCIAL STATEMENTS

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December 31, 2014

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**Note 1: Organization and Summary of Significant Accounting Policies**

**Organization**

Araminta Freedom Initiative, inc. (the Organization) is a nonprofit corporation that was formed in Maryland in 2012 under IRS code section 501(c)(3). The Organization serves the Baltimore-metro region by providing in anti-human trafficking service engagements that both prevent, intervene and provide resources for children affected by domestic minor sex trafficking.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (*FASB ASC No. 958*). Under *FASB ASC No. 958*, the Organization is required to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No temporarily or permanently restricted net assets were held during 2014, accordingly, these financial statements do not reflect any activity related to these classes of net assets for 2014.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity date of three (3) months or less to be cash equivalents. At December 31, 2014, the Organization held no such instruments.

**Accounts Receivable**

Receivables are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are believed to be uncollectible by the time the financial statements are issued. Management has not recorded an allowance for doubtful accounts as of December 31, 2014, since in their opinion all receivables are collectible.

**Inventory**

Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market.

**Concentration of Credit Risk**

The Organization holds cash in various financial institutions. At times throughout the year, the amounts on deposit may exceed federally insured limits.

**Support and Revenue**

All contributions are considered to be available for unrestricted use unless otherwise specified by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



ARAMINTA FREEDOM INITIATIVE, INC.  
NOTES TO FINANCIAL STATEMENTS

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December 31, 2014

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Property, Equipment and Depreciation**

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three (3) to thirty-nine (39) years.

**Income Tax**

The Organization is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and has been determined to not be a private foundation. As such, no provision for income taxes is reflected in the financial statements.

**Income Tax Uncertainties**

The Organization's evaluation on December 31, 2014 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2011 through 2013 tax years remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve (12) months that will have a material impact on the financial statements.

**Donated Services**

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Date of Management's Review**

The Araminta Freedom Initiative, Inc. has evaluated events and transactions that occurred during the period from the date of the financial statements through June 26, 2015, the date Araminta Freedom Initiative, Inc.'s financial statements were available to be issued. There were no events or transactions that occurred during the period that materially impacted the amounts or disclosures in Araminta Freedom Initiative, Inc.'s financial statements.