GROSS MENDELSOHN
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ARAMINTA FREEDOM INITIATIVE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

Independent Auditor's Report

To the Board of Directors
Araminta Freedom Initiative, Inc.

We have audited the accompanying financial statements of Araminta Freedom Initiative, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 auditor considers 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
May 24, 2018

ARAMINTA FREEDOM INITIATIVE, INC.
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash	$ 944,791	$ 56,960
Contributions receivable	47,764	24,300
Grants receivable	19,025	32,831
Inventory	1,140	1,466
Prepaid expenses and other current assets	2,866	2,425
Total Current Assets	1,015,586	117,982
Property		
Furniture and equipment	8,728	8,728
Computers	3,852	3,852
Total Cost	12,580	12,580
Less: Accumulated depreciation	11,184	8,643
Net Property	1,396	3,937
Other Assets		
Cash restricted for capital projects	55,709	55,701
Deposits	850	850
Total Other Assets	56,559	56,551
Total Assets	$ 1,073,541	$ 178,470
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 8,551	$ 2,822
Accrued expenses	17,438	22,512
Deferred revenue	-0-	26,773
Total Current Liabilities	25,989	52,107
Net Assets		
Unrestricted	991,843	69,562
Temporarily restricted	55,709	56,801
Total Net Assets	1,047,552	126,363
Total Liabilities and Net Assets	$ 1,073,541	$ 178,470

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

ARAMINTA FREEDOM INITIATIVE, INC.
Statements of Activities
Years Ended December 31, 2017 and 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Family Trust Bequest	$ 854,879	$ -0-	$ 854,879
Contributions	372,080	3,235	375,315
Grants	87,410	-0-	87,410
Special event revenue, net of expenses of $15,829 (2016 - $18,657)	74,004	-0-	74,004
Other revenue	636	-0-	636
Program income	3,000	-0-	3,000
Net assets released from restrictions	4,327	(4,327)	-0-
Total Support and Revenue	1,396,336	(1,092)	1,395,244
Expenses			
Program services	310,066	-0-	310,066
Management and general	132,557	-0-	132,557
Fundraising	31,432	-0-	31,432
Total Expenses	474,055	-0-	474,055
Change in Net Assets	922,281	(1,092)	921,189
Net Assets - Beginning of year	69,562	56,801	126,363
Net Assets - End of year	$ 991,843	$ 55,709	$ 1,047,552

2016		
Unrestricted	**Temporarily Restricted**	**Total**
$ -0-	$ -0-	$ -0-
264,501	67,500	332,001
92,742	-0-	92,742
56,593	-0-	56,593
1,422	-0-	1,422
350	-0-	350
11,399	(11,399)	-0-
427,007	56,101	483,108
241,055	-0-	241,055
114,001	-0-	114,001
29,933	-0-	29,933
384,989	-0-	384,989
42,018	56,101	98,119
27,544	700	28,244
$ 69,562	$ 56,801	$ 126,363

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

ARAMINTA FREEDOM INITIATIVE, INC.
Statements of Functional Expenses
Years Ended December 31, 2017 and 2016

	2017			
	Program Services	Management and General	Fundraising	Total
Expenses				
Cost of merchandise	$ 325	$ -0-	$ -0-	$ 325
Communication and marketing	2,885	8,386	4,257	15,528
Depreciation	1,606	792	143	2,541
Donations	9,450	-0-	-0-	9,450
Insurance - general	-0-	3,955	-0-	3,955
Payroll, payroll taxes and benefits	247,869	73,310	24,464	345,643
Printing	3,232	745	2,004	5,981
Professional fees	855	23,266	250	24,371
Program supplies	15,358	-0-	-0-	15,358
Rent	10,639	10,721	-0-	21,360
Service fees	533	1,496	-0-	2,029
Office supplies and equipment	8,393	2,594	-0-	10,987
Travel, conference and meetings	8,318	6,685	314	15,317
Utilities	603	607	-0-	1,210
Total Expenses	$ 310,066	$ 132,557	$ 31,432	$ 474,055

2016			
Program Services	Management and General	Fundraising	Total
$ 1,074	$ -0-	$ -0-	$ 1,074
2,984	8,529	2,043	13,556
1,834	884	178	2,896
-0-	-0-	5,725	5,725
338	3,038	-0-	3,376
200,751	62,218	21,274	284,243
1,292	2,856	713	4,861
6,807	21,415	-0-	28,222
17,542	-0-	-0-	17,542
3,083	7,193	-0-	10,276
519	3,012	-0-	3,531
222	2,573	-0-	2,795
4,264	1,478	-0-	5,742
345	805	-0-	1,150
$ 241,055	$ 114,001	$ 29,933	$ 384,989

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

ARAMINTA FREEDOM INITIATIVE, INC.
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	**$ 921,189**	$ 98,119
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**2,541**	2,896
Changes in operating assets and liabilities:		
Contributions receivable	**(23,464)**	(8,570)
Grants receivable	**13,806**	(22,211)
Inventory	**326**	1,074
Prepaid expenses and other current assets	**(441)**	26
Accounts payable	**5,729**	(11,289)
Accrued expenses	**(5,074)**	1,244
Deferred revenue	**(26,773)**	26,773
Net Cash Provided by Operating Activities	**887,839**	88,062
Cash Flows From Investing Activities		
Purchase of property	**-0-**	(1,414)
Net Increase in Cash (Including cash restricted for capital projects)	**887,839**	86,648
Cash at Beginning of Year (Including cash restricted for capital projects)	**112,661**	26,013
Cash at End of Year (Including cash restricted for capital projects)	**$ 1,000,500**	$ 112,661

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

Note 1: Summary of Significant Accounting Policies

The Araminta Freedom Initiative, Inc. (the Organization) was incorporated in Maryland in 2011 as a nonprofit organization. The Organization serves the state of Maryland by providing anti-human trafficking services that prevent, intervene and provide resources for children affected by human trafficking. Prevention and intervention education trainings to identify and respond to child victims are provided in school systems throughout the state, as well as to community based organizations. Services for victims include a mentorship program, advocacy services and provisional resources. The organization also utilizes a volunteer program to actively engage the community in awareness campaigns and service opportunities. The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Presentation and Revenue Recognition: The Organization reports information regarding its financial position and changes in net assets according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. Upon the expiration of a restriction, temporarily restricted net assets are reclassified to unrestricted net assets in the statements of activities.

Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization’s action.

The Organization did not have any permanently restricted net assets at December 31, 2017 or 2016.

Contributions Receivable: Contributions receivable are recognized as revenue and receivables when the promise is received. Conditional promises are not recognized until they become unconditional; that is, in the period in which the conditions on which they depend are substantially met. Unconditional promises that are expected to be collected in a future period are recorded and discounted to their net present value. Management determines an allowance for uncollectible receivables by considering such factors as prior collection history. Receivables are written off by management when, in their determination, all appropriate collection efforts have been taken. The Organization has not recorded an allowance for uncollectible receivables as of December 31, 2017 and 2016, since in the opinion of management all receivables are fully collectible.

Note 1: Summary of Significant Accounting Policies (Continued)

Grants Receivable: Grants receivable represent invoiced and uninvoiced amounts due for direct costs incurred. Grants receivable are considered delinquent after the invoice is ninety days old. The Organization does not accrue interest on delinquent receivables. Provision is made for uncollectible accounts based on anticipated collection losses. Estimated losses are generally determined from historical collection experience and a review of outstanding grants receivable. Grants receivable are written off by management, when in their determination, all appropriate collection efforts have been exhausted. The Organization has not recorded an allowance for doubtful accounts as of December 31, 2017 and 2016, since in the opinion of management all grants receivable are collectible.

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

Property and Depreciation: Property is stated at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. The Organization's threshold for capitalization is any acquisition that meets the above criteria and is greater than or equal to $1,000. Depreciation expense for the years ended December 31, 2017 and 2016 was $2,541 and $2,896, respectively. Depreciation is computed using the straight-line method over the following estimated lives:

Furniture and equipment	5 Years
Computers	3 Years

Deferred Revenue: Grant revenue is recognized in accordance with grant agreements. Grant revenue received in advance is recorded as deferred revenue.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted supporting depending on the existence and/or nature of any donor restrictions. When the Organization is notified of the existence of a bequest or gift, an asset and contribution revenue is recorded.

Donated Goods and Services: Donated goods are reflected in the accompanying financial statements at their estimated fair value at date of receipt. These amounts are included in total support and revenue and in total expense in the statement of activities. Several volunteers have donated their time to the Organization's program services and its fundraising campaigns. The value provided by these volunteers has not been recognized as no objective basis is available to measure such services and they do not meet the technical requirements for recording for financial statement purposes.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated on the basis of estimates of the portion of time expended by the staff on the various functions.

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes: The Organization is exempt from federal and state income taxes under Internal Revenue Code §501(c)(3). Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Organization had no unrelated business income for the years ended December 31, 2017 and 2016. Accordingly, no provision for income taxes is reflected in these financial statements. The Organization's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for a period of three years after the returns are filed.

Recent Accounting Pronouncements: In February 2016, the FASB issued ASU 2016-02, *Lease (Topic 842)*, which will be effective for fiscal years beginning after December 15, 2019. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous lease guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. Management has not elected to adopt ASU 2016-02 early, and will assess the impact on any future financial statements.

In August, 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in the ASU make improvements to the information provided in financial statements and accompanying notes of nonprofit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a nonprofit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management has not elected to adopt ASU 2016-14 early, and will assess the impact on any future financial statements.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 24, 2018, the date the financial statements were available to be issued. During the period January 1, 2018 through May 24, 2018, the Organization did not have any material recognizable subsequent events.

Note 2: Temporarily Restricted Net Assets

As of December 31, 2017 and 2016, the Organization's temporarily restricted net assets are available for the following purposes:

	2017	2016
Program Services	$ -0-	$ 1,100
Capital Projects	55,709	55,701
	$ 55,709	$ 56,801

Net assets were released from donor restrictions during the years ended December 31, 2017 and 2016, by incurring expenses satisfying the restricted purposes as follows:

	2017	2016
Program Services	$ 4,313	$ 5,086
Capital Projects	14	6,313
	$ 4,327	$ 11,399

Note 3: Lease Commitments

In September 2015, the Organization entered into a noncancelable operating lease to occupy office space in Baltimore, Maryland with terms that were set to expire in September 2017. In December 2016, the Organization entered into an amended lease which included additional space and extended the lease through September 2018 at a monthly rate of $1,809. Total rent expense related to this lease for the years ended December 31, 2017 and 2016 was $21,360 and $10,276, respectively. Future minimum lease payments under the noncancelable lease for the year ending December 31, 2018 are $16,280.

Note 4: Uninsured Balances

The Organization maintains its cash balances in various financial institutions. Periodically during the year, the Organization's cash balances have exceeded federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk on cash balances.

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