

BRIDGING FREEDOM, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020
AND
INDEPENDENT AUDITORS' REPORTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bridging Freedom, Inc.

We have audited the accompanying financial statements of Bridging Freedom, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 of 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 audit. We conducted our audit in accordance with accounting 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 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 Bridging Freedom, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for the purpose of additional analysis as required by Chapter 10.650, State of Florida Rules of the Auditor General, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Tampa, Florida
September 14, 2021

BRIDGING FREEDOM, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

Current assets	
Cash and cash equivalents	\$ 72,410
Grants receivable	172,312
Pledges receivable, net	<u>168,753</u>
Total current assets	413,475
Property and equipment, net	2,834,928
Pledges receivable, net	<u>164,982</u>
	<u>2,999,910</u>
 TOTAL ASSETS	 <u><u>\$ 3,413,385</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Line of credit	\$ 100,000
Current maturities of long-term debt	179,679
Accounts payable	42,438
Accrued expenses	<u>64,833</u>
Total current liabilities	<u>386,950</u>
Long-term liabilities	
Long-term debt	<u>199,244</u>
Total liabilities	<u>586,194</u>
Net assets	
Without donor restrictions	2,605,191
With donor restrictions	<u>222,000</u>
	<u>2,827,191</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 3,413,385</u></u>

See notes to financial statements.

BRIDGING FREEDOM, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support			
Contributions	\$ 97,408	\$ -	\$ 97,408
Grants from governmental agencies	1,454,460	-	1,454,460
PPP loan debt forgiveness	247,300	-	247,300
Other income	10,000	-	10,000
Special events, net of direct expenses of \$5,709	33,543	-	33,543
Total public support and revenue	<u>1,842,711</u>	<u>-</u>	<u>1,842,711</u>
Net assets released from restrictions	<u>170,000</u>	<u>(170,000)</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>2,012,711</u>	<u>(170,000)</u>	<u>1,842,711</u>
EXPENSES			
Program services			
Safe House Services	1,459,871	-	1,459,871
Prevention, Awareness and Education	65,508	-	65,508
Total program services	<u>1,525,379</u>	<u>-</u>	<u>1,525,379</u>
Supporting services			
Program Development and Administration	209,508	-	209,508
Fundraising	15,172	-	15,172
Total supporting services	<u>224,680</u>	<u>-</u>	<u>224,680</u>
Total expenses	<u>1,750,059</u>	<u>-</u>	<u>1,750,059</u>
Change in net assets	262,652	(170,000)	92,652
Net assets, beginning of year	<u>2,342,539</u>	<u>392,000</u>	<u>2,734,539</u>
Net assets, end of year	<u>\$ 2,605,191</u>	<u>\$ 222,000</u>	<u>\$ 2,827,191</u>

See notes to financial statements.

BRIDGING FREEDOM, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 92,652
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Depreciation and amortization	87,932
(Increase) decrease in operating assets:	
Pledges receivable	159,516
Grants receivable	17,259
(Decrease) increase in operating liabilities:	
Accounts payable	(125,432)
Accrued expenses	15,462
	<u>154,737</u>
Net cash provided by operating activities	<u>247,389</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(11,211)
Net cash used by investing activities	<u>(11,211)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceeds on lines of credit	95,000
Payments on long-term debt	(287,244)
Net cash used by financing activities	<u>(192,244)</u>
Net increase in cash and cash equivalents	43,934
Cash and cash equivalents, beginning of year	<u>28,475</u>
Cash and cash equivalents, end of year	<u><u>\$ 72,409</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid during the year for interest	<u><u>\$ 29,924</u></u>

See notes to financial statements.

BRIDGING FREEDOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	Program Services			Supporting Services			Total
	Safe House Services	Prevention Awareness Education	Total Program Services	Program Development and Administration	Fundraising	Total Supporting Services	
Salaries	\$ 966,674	\$ 61,273	\$ 1,027,947	\$ 75,129	\$ 13,055	\$ 88,184	\$ 1,116,131
Payroll taxes and other costs	162,383	-	162,383	45,214	-	45,214	207,597
Total salaries and related expenses	1,129,057	61,273	1,190,330	120,343	13,055	133,398	1,323,728
Business registration fees	38	-	38	382	-	382	420
Contract services	-	4,235	4,235	42,649	2,117	44,766	49,001
Campus residence expenses	121,374	-	121,374	-	-	-	121,374
Insurance	28,451	-	28,451	1,816	-	1,816	30,267
Equipment rental and maintenance	6,277	-	6,277	-	-	-	6,277
Interest expense	29,037	-	29,037	1,853	-	1,853	30,890
Occupancy costs	12,168	-	12,168	23,992	-	23,992	36,160
Supplies	5,571	-	5,571	356	-	356	5,927
Telephone	16,165	-	16,165	1,032	-	1,032	17,197
Bank fees	-	-	-	3,345	-	3,345	3,345
Information technology/Internet service	1,108	-	1,108	8,217	-	8,217	9,325
Advertising and promotion	778	-	778	50	-	50	828
Office expenses	9,306	-	9,306	594	-	594	9,900
Staff development	8,543	-	8,543	545	-	545	9,088
Travel and meetings	7,896	-	7,896	504	-	504	8,400
Total expenses before depreciation and amortization	1,375,769	65,508	1,441,277	205,678	15,172	220,850	1,662,127
Depreciation and amortization	84,102	-	84,102	3,830	-	3,830	87,932
Total expenses	\$ 1,459,871	65,508	\$ 1,525,379	\$ 209,508	\$ 15,172	\$ 224,680	\$ 1,750,059

See notes to financial statements.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A- DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Description of the Organization

Bridging Freedom, Inc. (the "Organization") is a not-for-profit Florida corporation founded in 2011, whose mission is to combat domestic minor sex-trafficking by bringing restoration to those rescued and preventing further victims of these crimes through the Organization's educational and outreach programs. The programs of the Organization include on-campus therapeutic modalities of mental health, health management, education, life skills, therapeutic activities, as well as safety and transitional services. The Organization collaborates with law enforcement, service providers, and universities to enable a collective impact of community involvement with the issue of human trafficking. In addition, the Organization provides educational awareness presentations with churches, community events, schools, and agency leaders in order to help prevent these crimes in the future.

2. Basis of Accounting

The Organization follows the provisions of FASB Accounting Standards Codification Topic 958 "Not-for-Profit Entities" ("ASC 958"). Under this topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net Assets with Donor Restrictions and Net Assets Without Donor Restrictions.

The Organization utilizes restricted and unrestricted groupings to account for its resources. Contributions and grants receivable are presented in these groupings as applicable, in the accompanying financial statements. ASC 958 requires a statement of financial position, a statement of activities and a statement of cash flows for not-for-profit organizations. Accordingly, the financial statements are prepared on an accrual basis of accounting.

ASC 958 requires the Organization to distinguish between contributions that increase net assets with restrictions and net assets without restrictions. It also requires recognition of contributed services meeting certain criteria at fair values.

3. Income Tax Exemption

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and is considered an organization that is not a private foundation.

4. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments, with original maturities of three months or less to be cash equivalents. The Organization did not maintain any investments considered to be cash equivalents for the year ended December 31, 2020.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A- DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Grants Receivable

The Organization receives support from various State and Federal grants. The grants receivable results from services which have been provided or incurred pursuant to various State and Federal grants and contracts, but for which reimbursement has not yet been received as of December 31, 2020. None of the amounts receivable at December 31, 2020 are deemed to be uncollectible. Therefore, no provision for uncollectible accounts has been made in the accompanying financial statements.

6. Property and Equipment

Property and equipment are stated at cost or at estimated fair value at date of gift, if donated. Replacements, maintenance, and repairs that do not improve or extend the lives of related assets are expensed currently. Property and equipment additions in excess of \$2,500 are generally capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging between five and forty years. Maintenance and repairs are expensed in the year in which the expense is incurred.

7. Financial Accounting Standards

The Organization follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC").

FASB ASC 958-605 requires the Organization to distinguish between contributions that are without donor restrictions and those with donor restrictions. It also requires recognition of contributed services meeting certain criteria at fair values.

FASB ASC 958-205 established the standards for external financial reporting for not-for-profit organizations, which includes a statement of financial position, a statement of activities, and a statement of cash flows. It requires the classification of resources into two classes of net assets based on the absence or existence of donor-imposed restrictions. These two classifications of net assets are those without donor restrictions and those with donor restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Expirations of contributions with donor restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions whose restrictions are met in the same reporting period are treated as without restrictions.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A- DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Contributions and Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose for which the gift was received has been accomplished, or time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same accounting period during which the contribution is received are recorded as support without restrictions in the period received. State and local government and other grants are recognized as support when performance occurs pursuant to the contract agreement.

Certain grants received by the Organization are considered conditional contributions since the grant agreements require the Organization to perform services, incur expenses, or meet contract objectives in order to earn the grant funding. Payments received under these grants are deferred until earned. Revenue is recognized in the financial statements when eligible expenses are incurred, services are performed, or grant objectives are met.

The Organization reports gifts of land, buildings, and equipment as support without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with restrictions. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

9. In-Kind Donations and Services

The Organization records the value of donated supplies and services when there is an objective basis available to measure their value. Donated supplies and services are reflected as In-kind Donations and Services in the accompanying financial statements at their estimated values at the date of receipt.

Contribution of services are recognized if the services received (a) create or enhance capital assets, or (b) are provided by entities that normally provide those services for compensation and are substantially the same services normally purchased by the Organization. A substantial number of unpaid volunteers have made significant contributions of their time to develop and maintain the Organization's programs and fundraising campaigns. The Organization had not received services from volunteers during 2020 due to the COVID-19 pandemic. As a result, no amounts of volunteer services have been reported in the financial statements.

10. Functional Allocation of Expenses

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

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A- DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Management 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 disclosures in the accompanying notes thereto. Actual results could differ from those estimates.

12. Income Taxes

The Organization follows FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, which provides guidance on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken, or expected to be taken in a tax return, and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. In addition, the standard includes the position that the Organization continues to qualify to be treated as a 501(c) (3) Organization for federal income tax purposes. As of December 31, 2020, the Organization had no uncertain tax positions that require either recognition or disclosure in the Organization's financial statements.

The Organization's informational returns are subject to examination by taxing authorities for a period of three years from the date they are filed. The Organization's open audit periods are 2018-2020.

13. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization manages this risk using high credit worthy financial institutions. Interest bearing and non-interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor at each financial institution. At December 31, 2020, the Organization had no cash balances in excess of Federal Deposit Insurance Corporation (FDIC) insured limits.

14. Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements for Not-for Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulation otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A- DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment returns net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statement of cash flows using the direct method must also present a reconciliation (the indirect method).

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. This standard was adopted by the Organization effective January 1, 2019. The adoption of this standard did not result in a material change to the Organization's revenue balances.

NOTE B – PLEDGES RECEIVABLE

Pledges receivable are summarized as follows at December 31, 2020:

Gross unconditional pledges	\$340,000
Less allowance for uncollectible pledges	-
Less unamortized discount for present value	<u>(6,265)</u>
Net pledges receivable	<u>\$333,735</u>

Pledges receivable expected to be collected after December 31, 2019, are as follows:

Year ending December 31,	
2021	\$170,000
2022	<u>170,000</u>
	340,000
Less unamortized discount for present value	<u>(6,265)</u>
	<u>\$333,735</u>

Pledges receivable relate to corporate donations for the construction of campus homes and are reported at the fair value of promises to give that are due in more than one year by discounting expected future cash flows using a discount rate of 3.0%. Management believes that the pledge receivables are fully collectible, and therefore an allowance for uncollectible pledges has not been recorded.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020:

Land	\$ 480,000
Building	882,656
Land improvements	1,512,938
Equipment	55,287
Furniture and fixtures	<u>52,250</u>
	2,983,131
Accumulated depreciation	<u>(148,203)</u>
	<u>\$2,834,928</u>

NOTE D – CONCENTRATION OF RISK

The Organization receives a substantial amount of support from grantor agencies for its programs. Approximately 94% of public support revenue came from two providers, consisting of approximately \$655,000 from the Department of Legal Affairs, and approximately \$800,000 from Community Based Care providers. If this support were to be reduced or eliminated, it could affect the operation of the supported programs. In addition, the Organization is subject to audit examination by grantor agencies. In the event that reimbursed expenditures were disallowed, repayments would be required.

NOTE E- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the Organization. The net assets are then released and reclassified to support without donor restrictions when these restrictions are satisfied. As of December 31, 2020, the Organization had purpose and time restricted net assets of \$222,000. The restricted net assets included purpose restrictions of \$17,000 related to equine therapy to be provided on the campus of the Organization, purpose restrictions related to bridge construction and mulch replacement of \$35,000, and time restricted contributions related to the long-term portion of campus home construction pledges receivable of \$170,000,

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE F- LINE OF CREDIT

The Organization has a \$100,000 line of credit with a bank, with interest payable at prime (3.25% as of December 31, 2020). The line is unsecured and had a balance of \$100,000 on December 31, 2020.

NOTE G- LONG-TERM DEBT

In February 2018, the Organization obtained two construction loan draws from a bank in the amounts of \$280,000 and \$400,000. The loans were made to bridge the pledge payments from two corporate pledges received during 2017, in the amounts of \$350,000 and \$500,000, respectively. (See Note B).

Long-term debt consisted of the following at December 31,2020:

Note payable to bank, annual payments of \$78,724 including accrued interest at 4.8%, secured by mortgage and pledge receivable, due February 2022	\$146,502
Note payable to bank, annual payments of \$112,462 including accrued interest at 4.8%, secured by mortgage and pledge receivable, due February 2022	206,572
Note payable to bank, monthly payments of \$710, including interest at 5.5%, due April 2024, secured by equipment	25,849
SBA promissory note payable (Paycheck Protection Program) to financial institution, monthly payments of \$13,917, including interest at 1%, due May 2022	<u>247,300</u>
	626,223
Less: SBA promissory note payable forgiven	<u>(247,300)</u>
Sub-total	378,923
Less current maturities	<u>(179,679)</u>
Long-term debt	<u>\$199,244</u>

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G- LONG-TERM DEBT (Continued)

Principal maturities on long-term debt are as follows:

Years ending December 31,	
2021	\$179,679
2022	188,366
2023	8,125
2024	<u>2,753</u>
	<u>\$378,923</u>

NOTE H- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year end	\$578,457
Less those unavailable for general expenditures within one year, due to:	
Pledges receivable due in more than one year	(164,982)
Donor-restricted to principal and interest payments on long-term debt	<u>(190,878)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$222,597</u>

The Organization's policy is to maintain financial assets, which consists of cash and cash equivalents on hand to meet 60 days of normal operating expenses, which are on average, approximately \$200,000.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE I- LEASE COMMITMENTS

The Organization leases office space under an operating lease. Total expense for rental of office space was approximately \$22,000 for the year ended December 31, 2020. Future approximate minimum rental commitments under non-cancelable operating leases are as follows:

Year ended	
<u>December 31:</u>	
2021	\$25,000
2022	26,000
2023	26,000
2024	27,000
2025	<u>2,000</u>
	<u>\$106,000</u>

NOTE J- SUBSEQUENT EVENTS

Paycheck Protection Program

During April 2020, the Organization obtained a loan from a bank pursuant to the Paycheck Protection Program (the "PPP"), under the Cares Act, which was enacted March 27, 2020. The loan, which bears interest at 1% matures May 2022. Funds from the loan are forgivable as long as the loan proceeds are used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on debt obligations incurred before February 15, 2020.

In April 2021, the Organization received debt forgiveness on the PPP loan in the amount of \$247,300. In accordance with ASC 958-605, *Accounting for Contributions*, the Organization has recognized debt forgiveness income during fiscal year 2020, which has been recognized in the same period as the PPP loan expenses. The debt forgiveness income is reported in the accompanying statement of activities and changes in net assets for the year ended December 31, 2020.

Management has evaluated subsequent events through September 14, 2021, the date which the financial statements were available to be issued.

In March 2020, the President of the United States of America declared a national pandemic related to the Novel Coronavirus (COVID-19). The pandemic has disrupted commerce and could impact the Organization in the geographic area in which it operates. The potential negative effect on the Organization's excess revenues over expenses and net cash flows is not yet determinable.

BRIDGING FREEDOM, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 Year ended December 31, 2020

Federal or State Grantor/Project Title	State CSFA #	Pass-Through Entity Identifying Number/ Contract Number	Expenditures
Department of Legal Affairs and Attorney General	41.023	KO4532	338,894
	41.023	KO4796	<u>320,572</u>
			<u>659,466</u>
Department of Children and Families			
In-Home Supports			
Passed through Families First Network of Lakeview	60.074	100210441	<u>148,240</u>
			<u>148,240</u>
Total Expenditures of State Financial Assistance			<u>\$ 807,706</u>

See notes to financial statements.

BRIDGING FREEDOM, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
December 31, 2020

NOTE A- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the State grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*, State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements.

NOTE B- CONTINGENCIES

These State projects are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect the Organization's continued participation in specific projects. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any to be immaterial.

ROBERTS, SEWARD, SPEED & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

RICHARD A. ROBERTS, C.P.A.
JOHN D. SEWARD, C.P.A.
RANDALL A. SPEED, C.P.A.

Member
American Institute of Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Bridging Freedom, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bridging Freedom, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nobuts, Seward, Speed & Company, P.A

Tampa, Florida
September 14, 2021

ROBERTS, SEWARD, SPEED & COMPANY, P.A.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA

Board of Directors
Bridging Freedom, Inc.

Report on Compliance for Each Major State Project

We have audited Bridging Freedom, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *Florida Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended December 31, 2020. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General, State of Florida. Those standards and Chapter 10.650, Rules of the Auditor General, State of Florida require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major State Project

In our opinion, Bridging Freedom, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General, State of Florida. Accordingly, this report is not suitable for any other purpose.

Roberts, Seward, Speed & Company, P.A.

Tampa, Florida
September 14, 2021

BRIDGING FREEDOM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Section I- Summary of Auditors' Results

Type of Auditors' report issued

Internal control over financial reporting

Material weakness(s) identified?	_____	yes	_____ x _____	no
Significant deficiency(ies) identified?	_____	yes	_____ x _____	none reported

Noncompliance material to financial statements noted?

	_____	yes	_____ x _____	no
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State Financial Assistance

Internal control over major state projects

Material weakness(es) identified?	_____	yes	_____ x _____	no
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Significant deficiency(ies) identified?	_____	yes	_____ x _____	no
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Type of auditors' report issued on compliance for major State projects

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General, State of Florida?

_____ x _____	yes	_____	no
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Identification of major projects

State

CSFA Number

Name of State Project

41.023

Victim Services, Department of Legal Affairs and Attorney General

Dollar threshold used to distinguish between Type A and Type B State Projects

\$250,853

Section II- Financial Statement Findings

No matters were reported for the year ended December 31, 2020. Accordingly, a corrective action plan is not required.

Section III- State Financial Assistance Findings and Questioned Costs

No matters were reported in the Findings and Questioned Costs related to Major State Projects.

Section IV- Other Issues

- a) A management letter is not required because there were no current year findings required to be reported in the management letter. (see Florida Auditor General Rule Section 10.656(3)(e).
- b) A Summary Schedule of of Prior Year Audit Findings is not required because there were no prior year audit findings related to State projects.
- c) A Corrective Action Plan was not applicable to be reported in the Findings and Questioned Costs related to Major State Projects.