



SET FREE ALLIANCE

Financial Statements  
With Independent Accountants' Review  
Report

December 31, 2016 and 2015

# SET FREE ALLIANCE

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Set Free Alliance  
Simpsonville, South Carolina

We have reviewed the accompanying financial statements of Set Free Alliance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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 the organization's 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 taken 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 the 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 the financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagements 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountants' Conclusion***

Based on our reviews, 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 accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Columbia, South Carolina  
September 15, 2017

# SET FREE ALLIANCE

## Statements of Financial Position

	December 31,	
	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 368,966	\$ 649,185
Other assets	1,494	-
Total Assets	<u>\$ 370,460</u>	<u>\$ 649,185</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable (see Note 2)	\$ 6,947	\$ -
Accrued payroll	6,295	-
	<u>13,242</u>	<u>-</u>
Net assets:		
Unrestricted	24,863	4,707
Temporarily restricted	332,355	644,478
	<u>357,218</u>	<u>649,185</u>
Total Liabilities and Net Assets	<u>\$ 370,460</u>	<u>\$ 649,185</u>

See accompanying notes and independent accountants' review report

# SET FREE ALLIANCE

## Statements of Activities

	Year Ended December 31,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions:						
General public	\$ -	\$ 3,377,277	\$ 3,377,277	\$ -	\$ 3,515,096	\$ 3,515,096
Overhead costs	554,369	-	554,369	242,150	-	242,150
	554,369	3,377,277	3,931,646	242,150	3,515,096	3,757,246
Other income	182	-	182	-	-	-
Total Support and Revenue	554,551	3,377,277	3,931,828	242,150	3,515,096	3,757,246
<b>RECLASSIFICATIONS:</b>						
Satisfaction of purpose restrictions	3,689,400	(3,689,400)	-	2,870,618	(2,870,618)	-
<b>EXPENSES:</b>						
Program expenses	3,689,400	-	3,689,400	2,870,618	-	2,870,618
Supporting activities:						
General and administrative	373,072	-	373,072	181,347	-	181,347
Fundraising	161,323	-	161,323	56,096	-	56,096
Total Expenses	4,223,795	-	4,223,795	3,108,061	-	3,108,061
Change in Net Assets	20,156	(312,123)	(291,967)	4,707	644,478	649,185
Net Assets, Beginning of Year	4,707	644,478	649,185	-	-	-
Net Assets, End of Year	\$ 24,863	\$ 332,355	\$ 357,218	\$ 4,707	\$ 644,478	\$ 649,185

See accompanying notes and independent accountants' review report

# SET FREE ALLIANCE

## Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (291,967)	\$ 649,185
Changes in:		
Other assets	(1,494)	-
Accounts payable	6,947	-
Accrued payroll	6,295	-
Net Cash (Used) Provided by Operating Activities	<u>(280,219)</u>	<u>649,185</u>
Net Change in Cash and Cash Equivalents	(280,219)	649,185
Cash and Cash Equivalents, Beginning of Year	<u>649,185</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 368,966</u>	<u>\$ 649,185</u>

See accompanying notes and independent accountants' review report

# SET FREE ALLIANCE

## Notes to Financial Statements

December 31, 2016 and 2015

### 1. NATURE OF ORGANIZATION:

Set Free Alliance (Organization) is a Biblically grounded non-profit organization rescuing children from slavery in the most enslaved country on the planet: India. Through their fundraising efforts, the Organization makes it possible for the number one charity in the state of Andra Pradesh to physically pull children out of slavery and then reunite them with their families. The ones who have no family to go to are educated, trained, and spiritually nourished.

The Organization is generally exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law and is classified as a publicly supported organization, which is not a private foundation, under Section 509(a)(1) of the Code. The Organization is primarily supported by contributions from the general public and private donors.

#### 100% MODEL AND PRIVATE DONORS

The Organization uses 100% of public donations to support the Set Free children in India. The 100% model depends on a group of visionary private donors whose combined effort covers the Organization's operating costs, paying for everything from staff salaries and website design to reimbursing credit card transaction fees on donations to Set Free Alliance. This membership program covers all of the necessary expenses of running the Organization, and powers the 100% model so that all public donations for Set Free Alliance go directly to India.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### USE OF ESTIMATES

The preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash on deposit, and highly liquid investments with an initial maturity of three months or less. From time to time, cash deposits may exceed federally insured limits or be held in uninsured accounts. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

# SET FREE ALLIANCE

## Notes to Financial Statements

December 31, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PROPERTY AND EQUIPMENT

Land, buildings, and equipment in excess of \$2,000 are capitalized at cost or, if donated, at fair market value on the date of donation. Repairs and maintenance, that neither materially add to the value of the property nor prolong its life appreciably, are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from five to forty years. Property donated with restrictions regarding their use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time.

As of December 31, 2016 and 2015, no assets have been purchased or donated that meet the criteria to be capitalized as property and equipment.

#### CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

*Unrestricted* net assets are those currently available for ministry purposes under the direction of board, those designated by the board for a specific use, and those invested in property and equipment net of accumulated depreciation and related debt.

*Temporarily restricted* net assets are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

# SET FREE ALLIANCE

## Notes to Financial Statements

December 31, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### REVENUES, EXPENSES, AND RECLASSIFICATIONS

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization.

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 amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of purpose restrictions.

Donated goods (including securities, property, and equipment) are recorded at fair value at the date of the gift.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

During the year ended December 31, 2015, and for the first part of the year ended December 31, 2016, another organization (Affiliate) processed and paid the expenses of the Organization on the Organization's behalf. The amounts paid by the Affiliate have been recorded as a contribution and as an expense on the statements of activities. No accrual was made for expenses payable as of December 31, 2015, as those expenses were contributed by the Affiliate.

The Organization has not accrued for compensated absences as of December 31, 2016 or 2015, as the Organization's policy does not permit unused vacation time to carry over from year to year.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2016 and 2015, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization was formed in 2014, and files information tax returns in the U.S. and various states.

# SET FREE ALLIANCE

## Notes to Financial Statements

December 31, 2016 and 2015

3. NET ASSETS:

Net assets consist of:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Unrestricted:		
Undesignated	\$ 24,863	\$ 4,707
Temporarily restricted:		
Ministry in India	<u>332,355</u>	<u>644,478</u>
	<u>\$ 357,218</u>	<u>\$ 649,185</u>

4. OPERATING LEASE:

The Organization leases office space under an operating lease, which expires in August 2019. Rent expense under this agreement totaled \$6,600 and \$-0-, including an inherent contribution of \$1,800 and \$-0-, for the years ended December 31, 2016 and 2015, respectively. Future minimum lease payments under this agreement are as follows:

<u>Year Ended December 31,</u>	
2017	\$ 14,400
2018	14,400
2019	<u>9,600</u>
	<u>\$ 38,400</u>

5. CONCENTRATIONS:

Approximately 90% and 92% of all expenses, including 100% and 100% of program expenses, during the years ended December 31, 2016 and 2015, respectively, consisted of payments sent to a single organization in India. In addition, approximately 50% and 81% of contributions were received from two donors during the years ended December 31, 2016 and 2015, respectively.

6. RELATED PARTY TRANSACTIONS:

An officer of the Organization is a family member of an officer of an affiliated organization (Affiliate), not under common control, which provides contributions to the Organization. The Affiliate also processed and paid expenses on behalf of the Organization during the years ended December 31, 2016 and 2015, as discussed in Note 2. The Affiliate contributed \$-0- and \$652,851 to the Organization, and paid \$210,098 and \$221,094 on behalf of the Organization, during the years ended December 31, 2016 and 2015, respectively.

# **SET FREE ALLIANCE**

## **Notes to Financial Statements**

December 31, 2016 and 2015

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.