

Rescue: Freedom International

**Financial Statements
June 30, 2023 and 2022**

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**To the Board of Directors
Rescue: Freedom International
Kirkland, Washington**

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Rescue: Freedom International, (a nonprofit organization), (dba Atlas Free) which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rescue: Freedom International as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rescue: Freedom International, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rescue: Freedom International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rescue: Freedom International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rescue: Freedom International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Freeman & Bonner, PLLC

October 10, 2023

**Rescue: Freedom International
Statements of Financial Position
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 2,736,753	\$ 2,629,103
Prepaid Expenses	-	30,000
Investments	1,027,037	941,618
Total Current Assets	<u>3,763,790</u>	<u>3,600,721</u>
Property and Equipment		
Office Equipment	14,500	14,500
Less: Accumulated depreciation	5,800	2,900
Net Property and Equipment	<u>8,700</u>	<u>11,600</u>
Noncurrent Assets		
Deposits	3,929	3,929
Right-of-Use Asset	121,744	-
Prepaid software	40,405	84,484
Endowment investments	202,518	202,518
Total Noncurrent Assets	<u>368,596</u>	<u>290,931</u>
Total Assets	<u>4,141,086</u>	<u>3,903,252</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Current Liabilities		
Accounts Payable	5,655	7,296
Current Portion of Lease Liability	61,309	-
Total Current Liabilities	<u>66,964</u>	<u>7,296</u>
Long-Term Liabilities		
Long-Term Portion of Lease Liability	60,435	-
Total Long-Term Liabilities	<u>60,435</u>	<u>-</u>
Total Liabilities	<u>127,399</u>	<u>7,296</u>
<u>Net Assets</u>		
Without Donor Restrictions		
Undesignated	3,770,315	3,603,797
Total Net Assets Without Donor Restrictions	<u>3,770,315</u>	<u>3,603,797</u>
With Donor Restrictions		
Time and purpose restrictions	40,854	89,641
Perpetual in nature	202,518	202,518
Total Net Assets With Donor Restrictions	<u>243,372</u>	<u>292,159</u>
Total Net Assets	<u>4,013,687</u>	<u>3,895,956</u>
Total Liabilities and Net Assets	<u>4,141,086</u>	<u>3,903,252</u>

See notes to the financial statements

Rescue: Freedom International
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 6,181,748	\$ 477,575	\$ 6,659,323
Other income	23,247		23,247
Release of restricted net assets	<u>533,472</u>	<u>(533,472)</u>	<u>-</u>
Total Support and Revenue	<u>6,738,467</u>	<u>(55,897)</u>	<u>6,682,570</u>
Expenses			
Program	5,842,756	-	5,842,756
Management and general	276,195	-	276,195
Fundraising	<u>540,283</u>	<u>-</u>	<u>540,283</u>
Total Expenses	<u>6,659,234</u>	<u>-</u>	<u>6,659,234</u>
Change in net assets from operations	79,233	(55,897)	23,336
Investment Income (Loss), net	<u>87,285</u>	<u>7,110</u>	<u>94,395</u>
Change in net assets	166,518	(48,787)	117,731
Net assets - beginning of year	<u>3,603,797</u>	<u>292,159</u>	<u>3,895,956</u>
Net assets - end of year	<u><u>3,770,315</u></u>	<u><u>243,372</u></u>	<u><u>4,013,687</u></u>

See notes to the financial statements

Rescue: Freedom International
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 6,112,465	\$ 640,645	\$ 6,753,110
Other income	28,701	-	28,701
Release of restricted net assets	<u>795,325</u>	<u>(795,325)</u>	<u>-</u>
Total Support and Revenue	<u>6,936,491</u>	<u>(154,680)</u>	<u>6,781,811</u>
Expenses			
Program	6,207,307	-	6,207,307
Management and general	247,891	-	247,891
Fundraising	<u>553,896</u>	<u>-</u>	<u>553,896</u>
Total Expenses	<u>7,009,094</u>	<u>-</u>	<u>7,009,094</u>
Change in net assets from operations	(72,603)	(154,680)	(227,283)
Investment Income (Loss), net	<u>(145,469)</u>	<u>(13,703)</u>	<u>(159,172)</u>
Change in net assets	(218,072)	(168,383)	(386,455)
Net assets - beginning of year	<u>3,821,869</u>	<u>460,542</u>	<u>4,282,411</u>
Net assets - end of year	<u><u>3,603,797</u></u>	<u><u>292,159</u></u>	<u><u>3,895,956</u></u>

See notes to the financial statements

**Rescue: Freedom International
Statement of Functional Expenses
For the Year Ended June 30, 2023**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Program grants	\$ 4,181,637	\$ -	\$ -	\$ 4,181,637
Personnel	1,209,737	228,037	382,788	1,820,562
Staff and Leadership Development	27,513	1,720	5,159	34,392
Operations	270,946	17,106	54,063	342,115
Special events	-	-	68,133	68,133
Facilities and equipment	63,913	22,826	4,565	91,304
Professional services	8,314	4,157	4,157	16,628
Staff travel	43,113	-	14,371	57,484
Depreciation	2,320	145	435	2,900
Amortization	35,263	2,204	6,612	44,079
Total expenses	<u>5,842,756</u>	<u>276,195</u>	<u>540,283</u>	<u>6,659,234</u>

See notes to the financial statements

Rescue: Freedom International
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Program grants	\$ 4,499,459	\$ -	\$ -	\$ 4,499,459
Personnel	1,178,368	196,188	356,143	1,730,699
Operations	413,279	25,830	77,490	516,599
Special events	-	-	97,158	97,158
Facilities and equipment	47,223	16,865	3,373	67,461
Professional services	13,317	6,659	6,659	26,635
Staff travel	18,079	-	6,026	24,105
Depreciation	2,320	145	435	2,900
Amortization	35,262	2,204	6,612	44,078
Total expenses	<u>6,207,307</u>	<u>247,891</u>	<u>553,896</u>	<u>7,009,094</u>

See notes to the financial statements

Rescue: Freedom International
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 117,731	(386,455)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities		
Donations of stocks received	(7,797)	(475,599)
Amortization of prepaid software subscriptions	44,079	44,078
Depreciation expense	2,900	2,900
Realized and unrealized (gains) losses on investments	(94,395)	159,172
(Increase) in prepaid expenses	30,000	(30,000)
Increase in Deposits	-	(1,174)
Increase (Decrease) in accounts payable	(1,641)	7,030
Net cash provided by operating activities	<u>90,877</u>	<u>(680,048)</u>
Cash Flows From Investing Activities:		
Purchase of equipment	-	(14,500)
Proceeds from the sale of investments	16,773	495,667
Net cash provided by investing activities	<u>16,773</u>	<u>481,167</u>
Cash Flows From Financing Activities:		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Change in cash and cash equivalents	107,650	(198,881)
Cash and cash equivalents - beginning of year	<u>2,629,103</u>	<u>2,827,984</u>
Cash and cash equivalents - end of year	<u><u>2,736,753</u></u>	<u><u>2,629,103</u></u>

See notes to the financial statements

**Rescue: Freedom International
Notes to Financial Statements
June 30, 2023 and 2022**

1. NATURE OF ORGANIZATION

Human trafficking has grown into the second largest criminal activity in the world, reaching an estimated \$150 billion dollars in annual activity. Rescue: Freedom International (the Organization) has developed rapidly to combat trafficking. The Organization operates through an international network of partners to rescue women and children from slavery, provide holistic aftercare services and prevent exploitation of the most vulnerable. These partners work together to restore lives broken by sexual slavery through programs such as night shelters, safe houses, medical clinics, vocational training, scholarship programs and much more. When a survivor enters one of the programs, it changes everything. They receive education, health care, counseling and job training. Most importantly, they receive the love, acceptance and support they need to write their own stories and pursue their dreams. On August 2, 2022, the Organization is doing business at Atlas Free.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue Recognition

Contributions are recognized in the period received, including unconditional pledges when promised, at their net realizable value.

Operating Activities

The statements of activities and changes in net assets include a measure of change in net assets from operating activities. Changes in net assets that are excluded from operating results consist of investment income.

**Rescue: Freedom International
Notes to Financial Statements
June 30, 2023 and 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Cash and Cash Equivalents

For the purposes of reporting cash flows, the Organization considers all cash, monies in banks and highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments consist primarily of marketable securities carried at fair value based on quoted market prices. Realized and unrealized gains and losses on investments are included in investment income the statements of activities and changes in net assets.

Prepaid Software Subscription and Property and Equipment

The Organization capitalizes expenditures with a cost of greater than \$5,000 and an estimated useful life of one or more years. The Organization entered into two thirty-six-month software agreements in June 2021. The total cost of the two agreements was \$132,235. The software is amortized over the three-year term of the subscription on a straight-line basis. Amortization expense of the costs on June 30, 2023 and 2022 was \$44,078 and \$44,078, respectively.

Concentration of Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and investment balances. The Organization has established guidelines relative to diversification of investments that seek to maintain safety and liquidity. The Organization had cash and investment balances in excess of federally insured limits from time to time during the year.

During the period ended June 30, 2023, the Organization received approximately 32%, of total support and revenue from four donors. During the period ended June 30, 2022, the Organization received approximately 16%, of total support and revenue from four donors.

Tax Laws

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Any adverse change in tax laws, or any adverse change in the Organization's tax status as a tax-exempt organization, would affect contributors who are currently entitled to deduct their contributions to the Organization from gross income. Any such change, in turn, could adversely affect the level of contributions to the Organization and the ability of the Organization to meet its obligations.

Uncertain Tax Positions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has reviewed whether any tax positions have met the recognition threshold and have measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities have the right to examine and audit the previous three years of tax return files. Any interest or penalties assessed to the Organization would be recorded in operating expenses. No interest or penalties from federal or state authorities were recorded in the accompanying financial statements.

**Rescue: Freedom International
Notes to Financial Statements
June 30, 2023 and 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Recently adopted accounting standards

In the year ended December 31, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period June 30, 2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated Statement of Financial Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less), or leases that are considered to be immaterial. Instead, the payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Functional Allocation of Expenses

The cost of providing programs and other activities have been summarized on a functional basis in the statement of functional expenses. Supporting services include management and general expenses that are not directly identifiable with any specific function or program but provide for the overall support and direction of the Organization. Certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel	Time and Effort
Operations	Time and Effort
Facilities and Equipment	Square Footage
Professional Services	Time and Effort
Staff Travel	Time and Effort
Amortization	Time and Effort

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Subsequent Events

The Organization has evaluated subsequent events through October 10, 2023, the date on which the financial statements were available to be issued.

**Rescue: Freedom International
Notes to Financial Statements
June 30, 2023 and 2022**

3. AVAILABILITY AND LIQUIDITY

Financial Assets at Year End:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,736,753	\$ 2,629,103
Investments	1,229,555	1,144,136
Total Financial Assets	<u>3,966,308</u>	<u>3,773,239</u>
Less Amounts Not Available to be Used Within One Year		
Net Assets With Donor Restrictions	243,372	292,159
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>3,722,936</u></u>	<u><u>3,481,080</u></u>

The Organization's goal is to maintain financial assets to meet 90 days of operating expenses. Distress or a liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. As part of its liquidity plan, excess cash is available in the form of bank checking and savings accounts and investments. The amounts held in investment accounts are liquid but are subject to changes in market value.

4. INVESTMENTS AND FAIR VALUE

Fair Value

To increase consistency and comparability in fair value measurements, the Organization uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority unobservable inputs (Level 3)

Valuation Techniques

Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued based on unobservable inputs. A financial instrument's level within the fair value hierarchy is based upon the lowest priority level of any input that is significant to the fair value measurement.

The Organization's investments consist of money market and mutual funds valued based on the following valuation methods. Valuation techniques are consistently applied.

Money Market Funds – Money market funds are valued at quoted cost-plus accrued interest, which approximates fair value.

Stocks – Stocks are valued at quoted market prices in active markets.

Mutual Funds and Exchange Traded Funds – Mutual funds are valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held at year end.

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Notes to Financial Statements
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4. INVESTMENTS AND FAIR VALUE-(CONTINUED)

Fair Values Measured on a Recurring Basis

Investments held by the Organization were all classified as Level 1 and consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Stocks	\$ 212,649	\$ 201,577
Balanced Mutual Funds	474,803	433,274
Stock Mutual Funds	343,728	313,759
Bond Mutual Funds	198,375	195,526
Total Investments at Fair Value	<u>1,229,555</u>	<u>1,144,136</u>

	<u>2023</u>	<u>2022</u>
Dividends and Interest	\$ 46,069	\$ 56,287
Realized and Unrealized Gains (Losses)	48,326	(215,459)
Investment Income (Loss)	<u>94,395</u>	<u>(159,172)</u>

5. TIME AND PURPOSE RESTRICTED NET ASSETS

Net assets with donor restrictions that have a time and purpose restriction on June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Apple of God's Eye	\$ -	\$46,386
European Project Restricted Fund	-	19,453
Home of New Beginnings-Thailand	2,511	5,351
India	19,523	-
Film Project	5,159	-
Accumulated Investment Income Available for Distribution	13,661	18,451
Total Net Assets Restricted by Donor	<u>40,854</u>	<u>89,641</u>

Releases from restrictions totaled \$533,472 and \$795,325 for program expenditures during the year ended June 30, 2023 and 2022, respectively.

6. NET ASSETS PERPETUAL IN NATURE

The Organization's endowment was created in December 2014 and consists of funds restricted by the donor to provide educational scholarships. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The original value of the gift has been recorded as net assets with donor restrictions that are perpetual in nature. Accumulated, unspent earnings associated with the endowment funds are classified as time and purpose restricted net assets until those amounts are appropriated for expenditure by the Organization.

Interpretation of Relevant Law

The Board of Directors of the Organization has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having reviewed its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this determination, the Organization classifies as permanently restricted net assets the original value of gifts to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by PMIFA.

In accordance with PMIFA, the Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization, and
- The investment policies of the Organization.

Endowment net assets and changes to the endowment net assets were as follows for the year ended June 30, 2023 and 2022:

**Rescue: Freedom International
Notes to Financial Statements
June 30, 2023 and 2022**

6. NET ASSETS PERPETUAL IN NATURE-(Continued)

	Accumulated Investment Income Available for Distribution	Portion of Endowment Underwater	Original Donor Restricted Gift Amounts	Total
Balance-June 30, 2021	\$ 32,154	\$ -	\$ 202,518	\$ 234,672
Investment Income (Loss)	(13,703)	-	-	(13,703)
Balance-June 30, 2022	<u>18,451</u>	<u>-</u>	<u>202,518</u>	<u>220,969</u>
Investment Income (Loss)	7,110	-	-	7,110
Distribution	<u>(11,900)</u>	<u>-</u>	<u>-</u>	<u>(11,900)</u>
Balance-June 30, 2023	<u><u>13,661</u></u>	<u><u>-</u></u>	<u><u>202,518</u></u>	<u><u>216,179</u></u>

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or PMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occur after the investment of new contributions that are perpetual in nature and continued appropriation for certain programs that was deemed prudent by the Board of Directors. Deficiencies totaled \$ -0- on June 30, 2023 and 2022.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results in excess of inflation and as needed for withdrawals and distributions to facilitate organizational objectives and to provide a return that, over the long term, provides sufficient asset to meet the Organization's spending policy.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) through a diversified investment portfolio.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Up to 5% of the endowment funds may be paid out each year. In establishing this policy, the organization considered the long-term expected return on its endowment.

**Rescue: Freedom International
Notes to Financial Statements
June 30, 2023 and 2022**

8. LEASES

Facilities Lease

The Organization has a lease of office space effective June 1, 2022. The lease requires monthly payments of \$5,288 in the first to twelfth month, \$5,447 in the thirteenth to twenty-fourth months and \$5,610 in the twenty-fifth to thirty-sixth month. The agreement also requires a payment of \$1,544 a month for shared operating expenses.

Rent expense was \$51,708 and \$45,113 for the years ended June 30, 2023 and 2022, respectively.

The details of the right of use asset and liability and the estimated future lease payments over the next five years are as follows:

Right-of-Use Assets	<u>\$ 121,744</u>
Lease Liability-Long-Term	60,435
Lease Liability-Current	61,309
Total Lease Liability	<u>121,744</u>
Required Lease Payments For	
<u>Years Ended June 30,</u>	
2024	65,527
2025	67,320
2026	-
2027	-
2028	-
Thereafter	-
Total Future Undiscounted	<u>132,847</u>
Lease Payments	132,847
Less: Present Value Discount	<u>11,103</u>
Total Lease Liability	<u>121,744</u>

9. RELATED PARTY TRANSACTIONS

Gifts from board members totaled \$1,746,772 and \$763,711 for the years ended June 30, 2023 and 2022. Gifts received from a donor advised fund totaled \$2,038,807 and \$489,332 for the years ended June 30, 2023 and 2022.

10. SUBSEQUENT EVENTS

On July 20, 2023, subsequent to fiscal year end, the Organization was given and accepted a 50% interest in land and a building located in Arlington, Texas. The property has a total appraised value of \$3,050,000. The Organization and another non-profit organization are equal tenants in common on the property and intend to sell the property in the fiscal year ending June 30, 2024.