Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

SELAH FREEDOM, INC. AND SUBSIDIARIES

SARASOTA, FLORIDA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

SELAH FREEDOM, INC. AND SUBSIDIARIES

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CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Selah Freedom, Inc. and Subsidiaries
Sarasota, Florida

Opinion

We have audited the accompanying consolidated financial statements of Selah Freedom, Inc. and subsidiaries (the "Organization") (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization 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 opinions.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility

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 and *Government 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 and *Government 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 the Organization'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 the Organization'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.

To the Board of Directors of
Selah Freedom, Inc. and Subsidiaries

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 Organization's internal control over financial reporting 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.

Saltmarsh Cleaveland & Gund

Tampa, Florida
July 6, 2022

SELAH FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current Assets:		
Cash and cash equivalents	$	550,187
Accounts receivable		67,311
Grant receivables		360,221
Prepaid expenses and other current assets		75,541
Total current assets		1,053,260
Non-Current Assets		
Property and equipment, net		2,156,221
Asset held for sale		754,362
Other assets		7,940
Total non-current assets		2,918,523
Total Assets	$	3,971,783

LIABILITIES AND NET ASSETS

Current Liabilities:		
Current maturities of long-term debt	$	41,132
Accounts payable		40,095
Accrued expenses and other liabilities		143,723
Deferred revenue		6,000
Total current liabilities		230,950
Long-Term Debt, less current maturities:		667,963
Total Liabilities		898,913
Net Assets:		
Without donor restrictions		3,037,870
With donor restrictions		35,000
Total net assets		3,072,870
Total Liabilities and Net Assets	$	3,971,783

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

SELAH FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Total
Operating Activities:			
Support and revenues:			
Contributions of cash and other financial assets	$ 1,260,584	$ 35,000	$ 1,295,584
Contributions of nonfinancial assets	279,029	-	279,029
Grants and contracts	2,295,162	-	2,295,162
Program revenue	43,700	-	43,700
Rental income	5,400	-	5,400
Total support and revenues	3,883,875	35,000	3,918,875
Expenses:			
Program services	3,147,354	-	3,147,354
Supporting services:			
General and administrative	239,647	-	239,647
Fundraising	96,749	-	96,749
Total supporting services	336,396	-	336,396
Total expenses	3,483,750	-	3,483,750
Change in Net Assets	400,125	35,000	435,125
Net Assets at Beginning of Year	2,637,745	-	2,637,745
Net Assets at End of Year	$ 3,037,870	$ 35,000	$ 3,072,870

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

SELAH FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Accounting and legal fees	$ 30,862	$ 29,010	$ 1,852	$ 61,724
Advertising and promotion	3,741	290	125	4,156
Auto and local travel expenses	29,854	616	308	30,778
Bank fees	-	13,289	1,477	14,766
Client services	401,819	-	-	401,819
Continuing education	3,097	241	103	3,441
Depreciation and amortization	108,467	-	-	108,467
Development	-	-	3,201	3,201
Dues and subscriptions	2,673	6,238	-	8,911
Employee wages	1,773,784	137,961	59,126	1,970,871
Facilities and equipment	50,676	-	-	50,676
Health and dental insurance	134,441	10,457	4,481	149,379
Insurance	68,941	5,362	2,298	76,601
Interest	41,466	3,225	1,382	46,073
Other contract services	155,087	6,742	11,302	173,131
Other personnel costs	-	105	2,396	2,501
Payroll taxes	136,808	10,641	4,560	152,009
Postage and mailing	2,045	159	68	2,272
Printing and copying	4,137	323	138	4,598
Rent	80,347	6,249	2,678	89,274
Repairs and maintenance	29,175	-	-	29,175
Software subscriptions	52,331	5,815	-	58,146
Supplies and other	11,429	889	381	12,699
Taxes, permits and licenses	1,545	120	52	1,717
Travel and meetings	4,150	322	138	4,610
Workers' compensation insurance	20,479	1,593	683	22,755
	$ 3,147,354	$ 239,647	$ 96,749	$ 3,483,750

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

SELAH FREEDOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities:		
Change in net assets	$	435,125
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		104,891
Amortization of loan costs		3,576
Changes in:		
Accounts and grants receivable		193,713
Prepaid expenses and other current assets		(968)
Accounts payable		(59,099)
Accrued expenses and other liabilities		18,507
Deferred revenue		6,000
Net cash provided by operating activities		701,745
Cash Flows From Financing Activities:		
Repayment on line of credit		(240,004)
Repayment of long-term debt		(63,051)
Net cash used in financing activities		(303,055)
Net Increase in Cash and Cash Equivalents		398,690
Cash and Cash Equivalents at Beginning of Year		151,497
Cash and Cash Equivalents at End of Year	$	550,187
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	$	46,073

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Selah Freedom, Inc. is a not-for-profit corporation that confronts the issue of sex trafficking and exploitation through advocacy, training and restorative services. Selah Freedom, Inc. provides a twelve-month residential program that allows restoration and transition to independent living for survivors of sex trafficking; community support groups for survivors recovering from sexual abuse and co-dependency; and mentorship for survivors through ongoing counseling, education, career placement and life skills.

Basis of Accounting:

The Organization follows standards of accounting and financial reporting prescribed for nonprofit organizations. Selah Freedom, Inc. uses the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

Revenue earned and contributions received are recorded as with or without donor restrictions, depending on the existence or nature of any restrictions. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restriction expires in the reporting period in which support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. A restriction expires when either a stipulated time restriction ends, or a purpose restriction is accomplished. Thus, 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.

Principles of Consolidation:

The consolidated financial statements of Selah Freedom, Inc. and subsidiaries include the accounts of two wholly-owned subsidiaries: MELW, LLC and MLE Florida, LLC (collectively, the "Organization"). All significant intercompany balances and transactions have been eliminated in consolidation.

Net Asset Classifications:

Net assets are presented based on the existence or absence of donor-imposed restrictions. In these consolidated financial statements, net assets are reported as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions - Net assets whose use is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization or by the passage of time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates:

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

Contributions:

The Organization records contributions received as with or without restrictions depending on the existence and/or nature of any donor restrictions. Non-cash contributions are recorded at fair market value at the time of donation.

In-Kind Donations:

Significant goods and services are donated to the Organization by various individuals and organizations. For the year ended December 31, 2021, donated goods of $170,049 and donated services of $108,980 were recorded at fair value at the date of donation, and have been included in revenue and expenses in the period received.

Cash Equivalents:

The Organization considers all highly liquid investment instruments with original maturities of three months or less as cash equivalents.

Accounts Receivable:

The Organization bills for program services provided to clients, and the Organization is reimbursed by its funding sources under various grants and contracts. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes none of the accounts receivable at December 31, 2021 are deemed to be uncollectible. Therefore, no provision for uncollectible accounts has been made in the accompanying consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment:

Property and equipment are stated at cost. All acquisitions of property and equipment in excess of $2,500 are capitalized. Disbursements for repairs and maintenance are charged to expense. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 years
Software	3 years

Donations of property and equipment are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Financing Costs:

Financing costs are reported as a deduction from the carrying amount of the debt and amortized to interest expense on a straight-line basis over the term of the related debt. Amortization of financing costs was $3,576 for the year ended December 31, 2021. Accumulated amortization was $10,317 at December 31, 2021.

Income Taxes:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Allocation of Expenses:

Direct costs of providing the Organization's various programs have been reported on a functional basis in the consolidated statement of activities. Indirect general and administrative costs have been allocated among the programs, fundraising, and general and administrative expenses based on a systematic methodology determined by management.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs:

The Organization expenses all advertising costs as incurred. Advertising expense for the year ended December 31, 2021 was $4,156.

Subsequent Events:

Management has evaluated subsequent events through July 6, 2022, which is the date the consolidated financial statements were available to be issued.

Upcoming Accounting Pronouncement:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, Leases (Topic 842) (ASU 2016-02). The guidance in this topic supersedes the requirements in Accounting Standards Codification Topic 840, Leases. The update will require business entities to recognize lease assets and liabilities on the balance sheet and to disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Management does not expect the adoption of ASU 2016-02 to significantly impact the Organization's consolidated financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	$ 263,703
Buildings and improvements	1,931,418
Furniture and equipment	231,317
Vehicles	167,305
Software	1,820
	2,595,563
Less accumulated depreciation	439,342
Property and equipment, net	$ 2,156,221

Depreciation expense was $104,891 for the year ended December 31, 2021.

NOTE 3 - ASSET HELD FOR SALE

During 2021, the Organization initiated plans to sell the Wisconsin safe house. The house is included in asset held for sale and was sold at a gain in 2022.

NOTE 4 - LINE OF CREDIT

The Organization has a $250,000 revolving line of credit with a financial institution. The line of credit has a maturity date of June 2024 and accrues interest at prime plus 1.0% (4.25% as of December 31, 2021). The line of credit is secured by the Organization's deposits with the financial institution and certain real property. There was no balance outstanding on the line of credit at December 31, 2021. The line of credit contains various restrictive covenants. The Organization was not in compliance with the debt service coverage ratio as of December 31, 2021. However, the financial institution has waived that covenant as of December 31, 2021.

NOTE 5 - LONG-TERM DEBT

Long-term debt is summarized as follows:

Notes payable to bank and finance companies bearing interest up to 10.84%, secured by real property and vehicles, maturities through May 2029	$	715,151
Less unamortized financing costs		6,056
		709,095
Less current maturities		41,132
Long-term debt, less current maturities	$	667,963

Scheduled maturities of long-term debt are as follows:

2022	$	41,132
2023		37,624
2024		32,710
2025		24,164
2026		25,395
Thereafter		554,126
	$	715,151

NOTE 6 - NET ASSETS

Net assets without donor restrictions total $3,037,870 as of December 31, 2021. Donor restricted net assets consists of funds for the prevention program totaling $35,000 as of December 31, 2021.

NOTE 7 - IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions of the following nature:

Description	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Client/Survivor Supplies, Clothing & Personal Items	247,871	Program, Survivor Services, Residential Activities & Services	No associated donor restrictions	Selah Freedom has a tiered system of valuing clothing, personal items and supplies 1) if used - garage sales values are assigned 2) if new - internet research for median value of various fair market values.
Web Based Software	22,852	Community Outreach & Survivor Services in residence	No associated donor restrictions	Selah Freedom used the value supplied by the provider of the service as it's estimation of fair value.
Repairs & Maintenance	2,145	Residential Survivor Services	No associated donor restrictions	Pest control services provided to Selah Freedom at vendor's regular monthly price which the vendor writes down to 100% donated service.
Professional Services - HR, Insurance, Photography & Grant Consulting	6,161	Admin & Management	No associated donor restrictions	Various professionals donated their time to Selah Freedom over the year. These in kind donations are valued at their regular professional rates.
	$ 279,029			

Additionally, Selah utilized various unskilled volunteer services for which the total value was determined to be $77,381 for the year ended December 31, 2021. Unskilled volunteer services are valued using an assigned hourly rate approved by the granting agency and were not included in revenue.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Concentration - Major Funding Sources:

The Organization's funding source base consists of a diverse mix of governmental and other corporate entities. At December 31, 2021, amounts due from two major funding sources comprised 84% of total accounts receivable. For the year ended December 31, 2021, two major funding sources comprised 50% of revenues.

Operating Lease:

The Organization has continuing operating leases involving facilities. Lease expense for the year ended December 31, 2021 totaled $89,274. Future minimum lease payments are below.

2022	$ 90,312
2023	90,312
2024	90,312
2025	59,232
2026	15,720
	$ 345,888

Coronavirus Disease 2019:

During the year ended December 31, 2021, Coronavirus Disease 2019 ("COVID-19") continued to be a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of the report. As such, it is very uncertain as to the full magnitude that the pandemic will have on the Company. Management is actively monitoring its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the evolution of the COVID-19 outbreak, the Company is not able to estimate the effects of the outbreak on its results of operations or financial condition.

NOTE 9 - LIQUIDITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	$	550,187
Accounts and grants receivable		427,532
	$	977,719

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN

On March 1, 2021, the Organization received loan proceeds in the amount of $475,860 under the second series of Paycheck Protection Program ("PPP") loans issued under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The PPP loan's principal and accrued interest are forgivable to the extent that the proceeds are used for eligible purposes, subject to certain limitations. The loan proceeds were used for eligible purposes and the loan will be forgiven. Accordingly, the Organization recognized $475,860 as a grant.

SUPPLEMENTARY INFORMATION

SELAH FREEDOM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grantor Number	Federal Expenditures
U.S. Department of Justice			
Direct Program:			
Services for Victims of Human Trafficking	16.320	2019-VT-BX-K032	$ 170,582
U.S. Department of Justice			
Passed through State of Florida Department of			
Legal Affairs Office of the Attorney General:			
Crime Victim Assistance	16.575	VOCA-2019-00782	188,548
Crime Victim Assistance	16.575	VOCA-2019-00783	88,600
Crime Victim Assistance	16.575	VOCA-2020-00788	661,391
Crime Victim Assistance	16.575	VOCA-2020-00791	307,350
Total Crime Victim Assistance			1,245,889
Total Expenditures of Federal Awards			$ 1,416,471

NOTE 1 - BASIS OF ACCOUNTING

This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

OTHER REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Selah Freedom, Inc. and Subsidiaries

We have audited, in accordance with 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 consolidated financial statements of Selah Freedom, Inc. and subsidiaries (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 6, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 the internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, 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.

To the Board of Directors
Selah Freedom, Inc. and Subsidiaries

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 the consolidated 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.

Saltmarsh Cleaveland & Gund

Tampa, Florida
July 6, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Selah Freedom, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited Selah Freedom, Inc. and subsidiaries' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Executive Office of the Governor's State Project Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2021. The Organization's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance"); and Chapter 10.650, Rules of the Auditor General. Those standards and the Uniform Guidance and Chapter 10.650, Rules of the Auditor General 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 federal program 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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion of Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and for the year ended December 31, 2021.

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, we considered the Organization's internal control over compliance with these types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 federal program 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 federal program 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 the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Saltmarsh Cleaveland & Gund

Tampa, Florida
July 6, 2022

SELAH FREEDOM, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Selah Freedom, Inc. and subsidiaries.

2. No significant deficiencies in internal control relating to the audit of the consolidated financial statements are reported in the Independent Auditor's 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*.

3. No instances of noncompliance material to the consolidated financial statements of Selah Freedom, Inc. and subsidiaries were disclosed during the audit.

4. No significant deficiencies or material weaknesses in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

5. The auditor's report on compliance for the major federal award program for Selah Freedom, Inc. and subsidiaries expresses an unmodified opinion.

6. There are no audit findings relative to the major federal award program for Selah Freedom, Inc. and Subsidiaries that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.

7. The federal program tested as a major was:

Federal Program	**Federal CFDA No.**
Crime Victim Assistance	16.575

8. The threshold for distinguishing Types A and B programs and projects was $750,000.

9. Selah Freedom, Inc. and subsidiaries was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements which are required to be reporting in accordance with *Government Auditing Standards*.

SELAH FREEDOM, INC. AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

There were no prior audit findings.

In accordance with Rules of the Auditor General 10.656(3)(d)5, no summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.