

**SELAH FREEDOM, INC.**  
**CONSOLIDATED FINANCIAL REPORT**  
**DECEMBER 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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**Board of Directors**  
**Selah Freedom, Inc.**  
**Sarasota, Florida**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Selah Freedom, Inc. (a non-profit organization), (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2022, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Selah Freedom, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit 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 opinion.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Selah Freedom, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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***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 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 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.

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**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 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 applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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 federal awards is fairly stated, in all material respects, in relation to the 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 10, 2023, 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 effectiveness of 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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida  
July 10, 2023

SELAH FREEDOM, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022

<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 806,689
Accounts receivable	5,996
Grants receivable	513,700
Prepaid expenses	17,383
	<u>1,343,768</u>
<b>Property and equipment, net</b>	<u>2,075,481</u>
<b>Right of use assets</b>	<u>104,581</u>
<b>Noncurrent assets</b>	
Security deposits	6,230
Assets held for sale	756,062
Other	1,154
	<u>763,446</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,287,276</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 166,164
Deferred revenue	15,353
Current maturities of lease liabilities	65,721
Current maturities of notes payable	36,911
	<u>284,149</u>
<b>Lease liabilities</b>	<u>51,752</u>
<b>Notes payable, less current maturities and deferred financing costs</b>	<u>634,792</u>
<b>NET ASSETS</b>	
Without donor restrictions	
Undesignated	3,257,779
With donor restrictions	
Time or purpose	58,804
<b>TOTAL NET ASSETS</b>	<u>3,316,583</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,287,276</u>

See Notes to Financial Statements.

**SELAH FREEDOM, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Time and Purpose</u>	<u>Total</u>
<b>Revenues, gains and other support</b>			
Grants	\$ 2,157,091	\$ -	\$ 2,157,091
Contributions	1,378,546	106,250	1,484,796
In-kind contributions	196,309	-	196,309
Program and contract income	240,572	-	240,572
Fundraising income	82,901	-	82,901
Investment income	217	-	217
Gain on the disposal of property and equipment	6,065	-	6,065
Miscellaneous	18,840	-	18,840
Net assets released from restriction	82,446	(82,446)	-
Total revenues, gains and other support	<u>4,162,987</u>	<u>23,804</u>	<u>4,186,791</u>
<b>Functional expenses</b>			
<b>Program services</b>			
Program services	3,463,630	-	3,463,630
<b>Support services</b>			
General and administrative	308,073	-	308,073
Fundraising	157,398	-	157,398
Total functional expenses	<u>3,929,101</u>	<u>-</u>	<u>3,929,101</u>
Increase in net assets	<u>233,886</u>	<u>23,804</u>	<u>257,690</u>
Net assets, beginning of year	3,037,870	35,000	3,072,870
Opening equity effect due to implementation of standards	<u>(13,977)</u>	<u>-</u>	<u>(13,977)</u>
Net assets, beginning of year, as restated	<u>3,023,893</u>	<u>35,000</u>	<u>3,058,893</u>
Net assets, end of year	<u>\$ 3,257,779</u>	<u>\$ 58,804</u>	<u>\$ 3,316,583</u>

**See Notes to Financial Statements.**

**SELAH FREEDOM, INC.**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Accounting and legal fees	\$ 47,996	\$ 4,314	\$ 1,618	\$ 53,928
Advertising and promotion	10,571	950	356	11,877
Auto and local travel expenses	59,941	5,389	2,020	67,350
Bank fees	15,496	1,394	522	17,412
Client services	271,472	24,402	9,151	305,025
Continuing education	5,653	508	191	6,352
Depreciation and amortization	84,660	7,609	2,854	95,123
Development	253	22	9	284
Dues and subscriptions	25,560	2,296	862	28,718
Employee wages	2,048,610	180,882	67,831	2,297,323
Facilities and equipment	52,434	4,713	43,637	100,784
Health and dental insurance	160,325	14,412	5,404	180,141
Insurance	45,532	4,093	1,535	51,160
Interest	36,625	3,292	1,234	41,151
Lease costs	78,137	7,024	2,633	87,794
Other contract services	165,669	14,892	5,584	186,145
Other personnel costs	20,220	1,817	682	22,719
Payroll taxes	150,711	13,547	5,080	169,338
Postage and mailing	4,004	360	135	4,499
Printing and copying	11,274	1,013	380	12,667
Rent	11,774	1,058	397	13,229
Repairs and maintenance	28,857	2,594	973	32,424
Software subscriptions	60,818	5,467	2,050	68,335
Supplies and other	12,846	1,154	433	14,433
Taxes, permit and licenses	11,992	1,077	405	13,474
Travel and meetings	10,125	911	341	11,377
Workers' compensation insurance	32,075	2,883	1,081	36,039
Total expenses	<u>\$ 3,463,630</u>	<u>\$ 308,073</u>	<u>\$ 157,398</u>	<u>\$ 3,929,101</u>

**See Notes to Financial Statements.**



**SELAH FREEDOM, INC.**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 257,690
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation and amortization	95,123
Gain on disposal of property and equipment	(6,438)
(Increase) decrease in operating assets:	
Accounts receivable	(92,164)
Prepays	57,150
Right of use assets	58,556
Other assets	1,008
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(17,654)
Lease liabilities	(59,641)
Deferred rent	9,353
Net cash provided by operating activities	<u>302,983</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment	(19,987)
Proceeds from the disposal of property and equipment	11,876
Net cash (used in) investing activities	<u>(8,111)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on long-term debt	(38,370)
Net cash (used in) financing activities	<u>(38,370)</u>

Net increase in cash 256,502

Cash, beginning of year 550,187

Cash, end of year \$ 806,689

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash payments for interest \$ 41,151

**See Notes to Financial Statements.**

## SELAH FREEDOM, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

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#### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 12 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.

Significant accounting policies are as follows:

#### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following two classes: (1) net assets without donor restrictions, and (2) net assets with donor restrictions.

Net assets with donor restrictions are created only by donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met either by actions of the Organization and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

All other net assets, including Board-designated or appropriated amounts, are not subject to donor-imposed stipulations and are reported as part of net assets without donor 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**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. Management believes none of the accounts receivable at December 31, 2022 are deemed to be uncollectible.

**Cash and Cash Equivalents**

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Contributions**

Unconditional promises to give cash and other assets are reported at estimated fair value at the date the promise is received. Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as net assets without donor restrictions.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**NOTE 1. ORGANIZATION AND 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:

	<b>Years</b>
Buildings and improvements	5-40 years
Furniture and equipment	5-10 years
Vehicles	5 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.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities and the administration of the Organization have been summarized on a functional basis in the consolidated statement of activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Administrative and general expenses and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

**In-Kind Donations**

Significant goods and services are donated to the Organization by various individuals and organizations. For the year ended December 31, 2022, donated goods of \$110,368 and donated services of \$85,942 were recorded at fair value at the date of donation and have been included in the consolidated statement of activities in the period received.

The Organization utilized various unskilled volunteers service for which the total value was determined to be \$17,732 for the year ended December 31, 2022. Unskilled volunteer services are valued using an assigned hourly rate and are not included in the consolidated statement of activities.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Organization qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal income taxes under Internal Revenue Code Section 501(a). However, the Organization is subject to income tax on unrelated business income. For the year ended December 31, 2022, the Organization incurred no income tax expense.

It is the Organization's policy to account for any uncertainties in income tax law in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 clarifies the accounting for uncertain income tax positions and requires that the Organization recognize the impact of such a tax position in its financial statements if, upon ultimate settlement, that position is more-likely-than-not to be sustained. Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. As a result, no provision or liability for income taxes has been included in the financial statements. The Organization files a 990 Return of Organization Exempt from Income Tax.

**Recently Adopted Accounting Pronouncements**

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclose. For the year ending December 31, 2022, the Organization adopted ASU 2020-07 and has adjusted the presentation in these financial statements accordingly. This adjustment did not have an effect on total net assets or the change in the total net assets for the year ended December 31, 2022.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update includes a lease accounting model that recognized two types of leases – finance leases and operating leases. The standard requires that a lessee recognize on the balance sheet assets and liabilities relating to leases with terms of more than 12 months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. For the year ending December 31, 2022, the Organization adopted ASU 2016-02 and has adjusted the presentation in these financial statements accordingly.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Concentration**

The Organization's funding source base consists of a diverse mix of governmental and other corporate entities. For the year ended December 31, 2022, revenue from governmental agencies accounted for approximately 57% of revenue, gains and other support.

**Subsequent Events**

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

On February 24, 2023, the Organization closed on the sale of a property it owned in Prairie Place, Wisconsin for \$900,000. On February 27, 2023, the Board approved to use the proceeds of the sale to pay back its remaining debt on two other properties and five vehicles. As of December 31, 2022, the property was recorded at a book value of \$756,062.

**NOTE 2. LIQUIDITY AND AVAILABILITY**

The Organization's working capital and cash flows have seasonal variations during the year attributable to the timing of cash receipts from grants and contributions. The Organization manages liquidity during the year by utilizing the following strategies: Operating with a balanced budget which assumes collection of sufficient revenue via contributions, grants, and other revenue to cover operating expenditures not covered by donor-restricted resources and regular analysis of actual operating results versus budget.

The following table reflects the Organization's total financial assets as of December 31, 2022, and the amounts of those financial assets which could be made available within 12 months to meet operating expenditures:

Financial assets available to meet operating expenditures over the next 12 months	
Cash and equivalents	\$ 806,689
Accounts receivable	5,996
Grants receivable	513,700
Less net assets with donor restrictions	(58,804)
Financial assets available to meet operating expenditures	<u>\$ 1,267,581</u>

**NOTE 3. ASSET HELD FOR SALE**

During 2021, the Organization initiated plans to sell the Wisconsin safe house. A sale on the house initiated in 2022 and closed in February 2023. The amount is included as assets held for sale on the accompanying consolidated statement of financial position in the amount of \$756,062.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2022:

Land	\$	263,703
Building and improvements		1,946,695
Furniture, fixtures and equipment		229,802
Vehicles		148,782
Software		1,820.00
		<u>2,590,802</u>
Less accumulated depreciation		<u>(515,321)</u>
Property and equipment, net	\$	<u><u>2,075,481</u></u>

Depreciation expense was \$93,216 for the year ended December 31, 2022.

**NOTE 5. NOTES PAYABLE**

Notes payable as of December 31, 2022 consisted of the following:

Notes payable to bank and finance companies bearing interest up to 10.84%, secured by real property and vehicles, maturities through May 2029	\$	676,781
Less unamortized deferred finance cost		<u>5,078</u>
		671,703
Less current maturities		<u>36,911</u>
Long-term debt, less current maturities	\$	<u><u>634,792</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 5. NOTES PAYABLE (CONTINUED)**

Aggregate maturities on the notes payable at December 31, 2022, are as follows:

2023	\$	36,911
2024		33,323
2025		23,814
2026		25,028
2027		26,303
Thereafter		531,402
	<u>\$</u>	<u>676,781</u>

**NOTE 6. 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% (8.50% at December 31, 2022). 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, 2022. The line of credit contains various restrictive covenants.

**NOTE 7. LEASES**

The Organization has operating leases for its corporate office and various pieces of equipment. These leases have remaining lease terms of 20 to 60 months. The Organization includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Organization will exercise the option. The following summarizes the line items in the consolidated statement of financial position as of December 31, 2022:

Operating lease right of use assets	\$	<u>104,581</u>
Operating lease liabilities, current	\$	65,721
Operating lease liabilities, noncurrent		51,752
	<u>\$</u>	<u>117,473</u>

As permitted under U.S. GAAP for non-public business entities, when the rate implicit in a lease is not known, the Organization uses a risk-free rate for a period comparable to the lease term to calculate the present value of lease payments. The Organization used its borrowing rate on the line of credit as the risk-free rate.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**NOTE 7. LEASES (CONTINUED)**

The maturities of lease liabilities as of December 31, 2022 were as follows:

2023	\$	65,721
2024		47,381
2025		1,822
2026		1,963
2027		563
Thereafter		23
		\$ 117,473

The following summarizes the line items in the consolidated statement of activities which include the components of lease expense for the year ended December 31, 2022:

Operating lease costs	\$	87,794
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The Organization has elected to use the practical expedients under Topic 842 and therefore a cumulative adjustment to opening net assets without donor restrictions of (\$13,977) is reported in the accompanying consolidated statement of activities to account for the adoption of Topic 842 as of January 1, 2022.

**NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions totaled \$58,804 as of December 31, 2022 and are to be used for the following purposes:

Purchase of a new van	\$	20,000
Prevention services		35,000
Other		3,804
		\$ 58,804

Net assets released from restrictions totaled \$82,446 for the year ended December 31, 2022 and were used for the following purposes:

Prevention services	\$	36,000
Septic system		9,000
Assessments		30,000
Other		7,446
		\$ 82,446

## **SUPPLEMENTAL INFORMATION**

**SELAH, FREEDOM INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Justice</b>			
Direct Program:			
Services for Victims of Human Trafficking	16.320	2019-VT-K032	<u>\$ 193,997</u>
<b>U.S. Department of Justice</b>			
Passed through State of Florida Department of Legal Affairs Office of the Attorney General:			
Crime Victim Assistance	16.575	VOCA-2021-00782	723,620
Crime Victim Assistance	16.575	VOCA-2021-00783	330,015
Crime Victim Assistance	16.575	VOCA-2022-00874	194,033
Crime Victim Assistance	16.575	VOCA-2022-00880	93,535
			<u>1,341,203</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,535,200</u></u>

**SELAH FREEDOM, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. INDIRECT COST RATE**

Selah Freedom Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**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**

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**To the Board of Directors of the  
Selah 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 Selah Freedom, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 10, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Selah Freedom, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 or significant deficiencies may exist that were not identified.

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## Report on Compliance and Other Matters

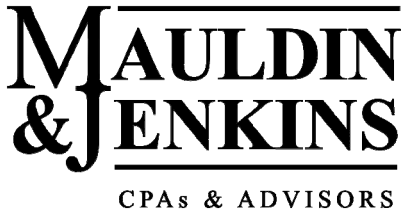
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida  
July 10, 2023



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

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**To the Board of Directors of the  
Selah Freedom, Inc.**

**Report on Compliance for the Major Federal Program**

***Opinion on The Major Federal Program***

We have audited Selah Freedom, Inc.'s (the "Organization"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2022. 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.

In our opinion, Selah 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 the major federal program for the year ended December 31, 2022.

***Basis for Opinion on The Major Federal Program***

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 for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



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## Report on 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
July 10, 2023

**SELAH FREEDOM, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

\_\_\_ yes  X  no

Significant deficiencies identified not considered to be material weaknesses?

\_\_\_ yes  X  none reported

Noncompliance material to the financial statements noted?

\_\_\_ yes  X  no

**Federal Awards**

Internal controls over major programs:  
Material weaknesses identified?

\_\_\_ yes  X  no

Significant deficiencies identified not considered to be material weaknesses?

\_\_\_ yes  X  none reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

\_\_\_ yes  X  no

Identification of major federal programs:

AL Number  
16.575

Names of Federal Program  
Victim of Crime Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee?

X  yes \_\_\_ no

**SELAH FREEDOM, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None Reported.

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None Reported.

**SELAH FREEDOM, INC.  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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There were no findings requiring disclosure in the December 31, 2021 financial statements.