



FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



Vredeveld Haefner LLC
CPAs and Consultants

FREE THE OPPRESSED

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to the Financial Statements	9-14



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

January 29, 2021

Board of Directors
Free the Oppressed
Colorado Springs, CO

Report on the Financial Statements

We have audited the accompanying financial statements of Free the Oppressed (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Free the Oppressed as of December 31, 2019 and 2018, 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.

Vredeveld Haefner LLC

(This page left intentionally blank)

FREE THE OPPRESSED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
DECEMBER 31, 2019 AND 2018

Assets	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 550,444	\$ 656,282
Deposits held by others	18,391	105,061
Cash advances in the field	124,491	55,690
Prepaid expenses	<u>2,003</u>	<u>1,844</u>
Total current assets	695,329	818,877
Land, building, vehicles, and equipment	886,370	647,065
Less accumulated depreciation	<u>(272,354)</u>	<u>(148,607)</u>
Net land, building, vehicles, and equipment	614,016	498,458
Intangible assets	<u>3,000</u>	<u>3,000</u>
Total assets	\$ <u>1,312,345</u>	\$ <u>1,320,335</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ <u>23,840</u>	\$ <u>16,140</u>
Total liabilities		
Net assets		
Net Assets without donor restriction	1,036,452	856,939
Net Assets with donor restriction	<u>252,053</u>	<u>447,256</u>
Total net assets	<u>1,288,505</u>	<u>1,304,195</u>
Total liabilities and net assets	\$ <u>1,312,345</u>	\$ <u>1,320,335</u>

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

FREE THE OPPRESSED

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	\$ 1,295,220	\$ 1,287,927	\$ 2,583,147	\$ 1,030,803	\$ 1,351,660	\$ 2,382,463
Donated Items (Gifts-in-Kind)	1,505	67,822	69,327	3,482	66,373	69,855
Other income	461	—	461	362	—	362
Total operating revenues	1,297,186	1,355,749	2,652,935	1,034,647	1,418,033	2,452,680
Recassifications						
Net assets released due to satisfaction of time or program restriction	1,550,952	(1,550,952)	—	1,383,214	(1,383,214)	—
Expenditures						
Program services						
Burma ministries	1,164,669	—	1,164,669	1,150,023	—	1,150,023
Middle East ministries	990,282	—	990,282	554,384	—	554,384
Thailand ministries	161,755	—	161,755	154,935	—	154,935
Advocacy	121,129	—	121,129	79,376	—	79,376
Total program services	2,437,835	—	2,437,835	1,938,718	—	1,938,718
Supporting services						
Fundraising	18,895	—	18,895	22,762	—	22,762
Management and general	242,089	—	242,089	210,236	—	210,236
Total supporting services	260,984	—	260,984	232,998	—	232,998
Total operating expenditures	2,698,819	—	2,698,819	2,171,716	—	2,171,716
Change in net assets	149,319	(195,203)	(45,884)	246,145	34,819	280,964
Net assets, beginning of year	856,939	447,256	1,304,195	609,804	412,437	1,022,241
Currency translation adjustment	30,194	—	30,194	990	—	990
Net assets, end of year	\$ 1,036,452	\$ 252,053	\$ 1,288,505	\$ 856,939	\$ 447,256	\$ 1,304,195

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

FREE THE OPPRESSED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from donors and other income	\$ 2,583,608	\$ 2,382,825
Cash paid to vendors, IDPs, and employee	<u>(2,482,276)</u>	<u>(2,071,307)</u>
 Net cash provided by (used in) operating activities	 <u>101,332</u>	 <u>311,518</u>
 Cash flows from investing activities		
Purchase of capitalized equipment	<u>(220,737)</u>	<u>(263,304)</u>
 Net cash provided by (used in) investing activities	 <u>(220,737)</u>	 <u>(263,304)</u>
 Effect of exchange rate changes on cash	 <u>13,567</u>	 <u>687</u>
 Net increase (decrease) in cash and cash equivalents	 <u>(105,838)</u>	 <u>48,901</u>
 Cash and cash equivalents, beginning of year	 <u>656,282</u>	 <u>607,381</u>
 Cash and cash equivalents, end of year	 <u>\$ 550,444</u>	 <u>\$ 656,282</u>
 Reconciliation of increase in net assets to net cash provided by (used in) operating activities		
Change in net assets	\$ (45,884)	\$ 280,964
Adjustments:		
Depreciation	121,806	89,114
Donated items (in-kind contributions)	(69,327)	(69,855)
Donated items (expensed)	69,327	69,855
Exchange gain	—	—
Changes in the operating assets and liabilities which provided (used) cash		
Deposits held by others	86,670	(66,688)
Cash advances in the field	(68,801)	(4,562)
Prepaid expenses	(159)	8,486
Intangible assets	—	(3,000)
Accounts payable and accrued expenses	<u>7,700</u>	<u>7,204</u>
 Net cash provided by (used in) operating activities	 <u>\$ 101,332</u>	 <u>\$ 311,518</u>

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

FREE THE OPPRESSED
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services					Supporting Services	Total
	Burma Ministries	Middle East Ministries	Thailand Ministries	Advocacy	Fundraising	Management & General	
Relief activities	359,372	589,316	57,888	—	—	—	1,006,576
Vehicles	27,376	162,317	25,258	4,079	—	8,158	227,188
Travel	25,083	103,095	4,116	47,950	—	32,393	212,637
JSMK	206,292	—	—	—	—	—	206,292
Training relief teams	200,253	339	381	—	—	—	200,973
Stipends & support	93,898	41,925	66,853	—	—	—	202,676
Medical	161,936	20,215	189	—	—	—	182,340
Other administration	—	—	—	—	—	164,715	164,715
Payroll	18,247	18,247	6,082	6,082	—	12,164	60,822
Good Life Club	29,157	18,521	—	—	—	—	47,678
Global day of prayer	—	—	—	40,525	—	—	40,525
Facilities	—	23,551	—	—	—	16,738	40,289
Communication	20,813	3,466	988	6,200	—	1,273	32,740
Fundraising expenses	—	—	—	—	18,895	—	18,895
Maesarieng	16,971	—	—	—	—	—	16,971
Other expenses	644	—	—	9,645	—	—	10,289
Ranch ministries	—	—	—	6,648	—	6,648	13,296
Field communication	3,579	9,290	—	—	—	—	12,869
Books and bibles	1,048	—	—	—	—	—	1,048
Total expenses	1,164,669	990,282	161,755	121,129	18,895	242,089	2,698,819

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

FREE THE OPPRESSED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services				Supporting Services	
	Burma Ministries	Middle East Ministries	Thailand Ministries	Advocacy	Management and General	Total
Relief activities	346,999	282,316	39,939	—	—	669,254
Training relief teams	246,571	1,839	—	—	—	248,410
Medical	135,130	12,189	12,200	—	—	159,519
Travel	32,542	83,680	5,825	19,682	19,682	161,411
JSMK	160,480	—	—	—	—	160,480
Stipends & support	80,455	18,842	52,225	—	—	151,522
Other administration	—	—	—	—	145,084	145,084
Vehicles	29,325	85,202	35,468	5,138	10,276	165,409
Payroll	17,762	17,762	5,921	5,921	11,842	59,208
Good Life Club	33,964	24,708	—	—	—	58,672
Facilities	—	24,930	—	—	16,638	41,568
Global day of prayer	—	—	—	39,161	—	39,161
Communication	25,010	816	643	1,715	1,286	29,470
Fundraising expenses	—	—	—	—	22,762	22,762
Maesarieng	19,460	—	—	—	—	19,460
IDP	14,694	—	—	—	—	14,694
Ranch ministries	—	—	2,714	5,428	5,428	13,570
Books and bibles	5,472	—	—	—	—	5,472
Field communication	2,159	2,100	—	—	—	4,259
Other expenses	—	—	—	2,331	—	2,331
Total expenses	1,150,023	554,384	154,935	79,376	232,998	2,171,716

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

(This page left intentionally blank)

FREE THE OPPRESSED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Free the Oppressed is a not-for-profit corporation exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. It was organized exclusively for religious, charitable, and educational purposes. The specific purposes and objectives of the corporation shall include but not be limited to the following:

- a) supporting, encouraging, and facilitating the loving and saving gospel of Jesus Christ while working and helping people of different religions and creeds;
- b) training and sending humanitarian relief teams of medics, teachers, pastors, and others to provide emergency assistance to people of different races and ethnicities in need;
- c) providing support, assistance, and resources to Christian workers and others in need around the world;
- d) creating and facilitating relationships between churches, organizations, individuals, and others who are supportive of reconciliation and unity; and
- e) cooperating with and supporting other projects and organizations that are organized and operated for similar purposes.

Basis of Presentation

The Organization's financial statements have been prepared in accordance with U.S. general accepted accounting principles (US GAAP). The Organization has implemented Financial Accounting Standards Board Update No. 2016-14 which requires 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 the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization had no perpetual restricted net assets.

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.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

FREE THE OPPRESSED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks and cash on hand. The Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains demand deposits in banks that are insured by the Federal Deposit Insurance Corporation up to the legal limit. At times during the years ended December 31, 2019 and 2018, the bank balance on these accounts exceeded the insured limit. Management believes the Organization is not exposed to any significant interest rate or other risk on these deposits.

Deposits Held by Others

Deposits held by others consists of demand deposits in a overseas bank account held by David and Karen Eubank (the organization's chairman and CEO and his wife). The Organization has entered an agency agreement with the Eubanks that states the demand deposits are to be used only for organizational purposes.

Cash Advances in the Field

Cash advances in the field consists of cash that has been given to team members in the field to enter into transactions with entities and individuals on the front-lines of war zones in Burma, Iraq, and Sudan.

Prepaid Expenses

Payments to vendors for services that will benefit periods beyond the Organization's fiscal year-end are recorded as prepaid expenses.

Property and Equipment and Depreciation

Property and equipment consists of a dorm building, vehicles, an airplane, and office equipment, which are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis, which range generally from 3 to 10 years.

The organization entered a facilities funding agreement with David and Karen Eubank (the Organization's chairman and CEO and his wife) to construct the dorm building on land that is owned by the Eubanks in Thailand. The dorm building is to be used to house visitors from Burma who serve and receive service from the Organization and for other activities in furtherance of the charitable purposes of the Organization for a period of 10 years from its completion, provided that the Organization provides funding for its operating expenses commensurate with such use throughout that period. After December 1, 2026 (the end of the 10 year period) the agreement may be terminated by either party. The Organization is depreciating the dorm over its 10 year estimated life.

FREE THE OPPRESSED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Revenue Recognition

Contributions received are recorded as revenues and additions to net assets with donor restrictions or without donor restrictions depending on the existence, nature and satisfaction of any donor imposed restrictions.

Promises to give are recorded as revenues and additions to net assets at the present value of their estimated future cash flows when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give without donor restriction that are expected to be collected within one year increase net assets without donor restriction. Unconditional promises to give with restriction by the donor or without restriction by the donor and not expected to be collected within one year (an implied time restriction) are reported as increases in net assets with donor restriction. When a restriction has been satisfied or a time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The discount on promises to give are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Donated Services

No amounts have been reflected in the financial statements for donated services, as the donated services do not meet the criteria for recording such activity. However, a substantial number of volunteers have donated significant amounts of their time in furtherance of the Organization's program services.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Generally, income tax returns filed within the last three years remain open and subject to audit by regulatory authorities. The Organization concludes that there are no significant uncertain tax positions requiring recognition in the financial statements.

Functional Allocation of Expenses

The costs to provide the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

In preparing these financial statements, management has evaluated significant events and transactions for potential recognition or disclosure subsequent to December 31, 2018 and through the auditors' report date, the date the financial statements were available to be issued. On March 20, 2020, management renewed the office lease in Thailand, which has been included in the lease commitment note.

FREE THE OPPRESSED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

2. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at year end:

	<u>2019</u>	<u>2018</u>
Land	\$ 134,454	\$ 123,801
Building	17,343	15,969
Vehicles	646,453	424,124
Airplane	55,197	55,197
Equipment	<u>32,923</u>	<u>27,974</u>
Total property and equipment	886,370	647,065
Less: accumulated depreciation	<u>(272,354)</u>	<u>(148,607)</u>
Property and equipment, net	<u>\$ 614,016</u>	<u>\$ 498,458</u>

3. DONATED MATERIALS

Donated materials consist of the following for the year ended:

	<u>2019</u>	<u>2018</u>
In-kind items:		
Medical Supplies	\$ 67,822	\$ 66,073
Materials	1,082	3,324
Postage	<u>423</u>	<u>458</u>
Total received	<u>\$ 69,327</u>	<u>\$ 69,855</u>

4. LEASE COMMITMENTS

The Organization leases certain property under non-cancellable leases with an initial period of greater than one year. Rental expense for the year ended December 31, 2019 was \$26,859. Rental expense for the year ended December 31, 2018 was \$26,514. Minimum future payments on these leases as of December 31, 2019 are as follows:

<u>Year Ended</u> <u>December 31,</u>	
2020	\$ 27,244
2021	<u>2,003</u>
Total	<u>\$ 29,247</u>

FREE THE OPPRESSED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

5. FUNCTIONAL EXPENSE

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Significant expenses that are allocated include the following:

Expense	Method of allocation
Travel	Time and effort
Communications	Time and effort
Ranch Ministry	Time and effort
Payroll	Time and effort
Vehicles	Utilization

6. NET ASSETS

Net assets with donor restrictions at year end were as follows:

Specific purpose restriction	<u>2019</u>	<u>2018</u>
Middle East Ministries	\$102,314	\$252,152
Thailand Ministries	102,135	33,791
Burma Ministries	43,287	99,829
Jungle School of Medicine Kawthoolei	3,987	29,200
Medical Support	330	8,937
Good Life Club	-	23,347
Total	<u>\$252,053</u>	<u>\$447,256</u>

Net assets released from net assets with donor restrictions are as follows:

Satisfaction of purpose restriction	<u>2019</u>	<u>2018</u>
Middle East Ministries	\$ 1,037,480	\$ 470,909
Jungle School of Medicine Kawthoolei	226,607	309,403
Burma Ministries	192,256	127,122
Thailand Ministries	63,623	66,219
Medical Support	19,791	347,584
Good Life Club	11,195	52,630
Education	-	9,347
Total	<u>\$1,550,952</u>	<u>\$1,383,214</u>

FREE THE OPPRESSED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

7. AVAILABILITY AND LIQUIDITY

The following represents the liquid portion of the Organization's financial assets and liabilities at year end:

Financial assets and liabilities at year end	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$550,444	\$656,282
Deposits held by others	18,391	105,061
Cash advances in the field	124,491	55,690
Prepaid expenses	2,003	1,844
Accounts payable	<u>(23,840)</u>	<u>(16,140)</u>
Net financial assets (liabilities)	671,489	802,737
Less amounts not available to be used within one year unless donor restriction has been met		
Net assets with donor restrictions	<u>252,053</u>	<u>447,256</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$419,436</u>	<u>\$355,481</u>

* * * * *