

THE FREEDOM FUND, INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Freedom Fund, Inc.
New York, New York

We have audited the accompanying financial statements of The Freedom Fund, Inc., which comprise the consolidated statement of financial position as of December 31, 2019, 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.

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 The Freedom Fund, Inc. as of December 31, 2019, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, The Freedom Fund, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited The Freedom Fund, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Wegner CPAs, LLP
New York, New York
April 16, 2020

THE FREEDOM FUND, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2019
With Comparative Totals for December 31, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 8,631,048	\$ 5,203,459
Advances receivable	7,909	22,846
Pledges receivable	698,086	2,513,739
Prepaid expenses	<u>77,175</u>	<u>85,440</u>
Total current assets	9,414,218	7,825,484
FIXED ASSETS		
Equipment	241,228	179,771
Accumulated depreciation	<u>(88,505)</u>	<u>(48,002)</u>
Equipment, net	152,723	131,769
OTHER ASSETS		
Deposits	<u>70,544</u>	<u>82,909</u>
Total assets	<u><u>\$ 9,637,485</u></u>	<u><u>\$ 8,040,162</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 709,236	\$ 429,447
Accrued salaries and related benefits	<u>216,149</u>	<u>177,481</u>
Total liabilities	925,385	606,928
NET ASSETS		
Without donor restrictions	5,777,002	4,691,135
With donor restrictions	<u>2,935,098</u>	<u>2,742,099</u>
Total net assets	<u>8,712,100</u>	<u>7,433,234</u>
Total liabilities and net assets	<u><u>\$ 9,637,485</u></u>	<u><u>\$ 8,040,162</u></u>

See accompanying notes.

THE FREEDOM FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 6,351,496	\$ 10,884,171	\$ 17,235,667	\$ 14,195,414
Interest and other income	25,764	-	25,764	31,432
Foreign exchange rate gain (loss)	(5,288)	-	(5,288)	(86,983)
Total support and revenue	6,371,972	10,884,171	17,256,143	14,139,863
EXPENSES				
Program services				
Hotspots	11,597,671	-	11,597,671	10,842,548
Global initiatives	879,902	-	879,902	800,492
Movement building	1,293,403	-	1,293,403	1,188,931
Program quality and learning	90,760	-	90,760	24,159
Total program services	13,861,736	-	13,861,736	12,856,130
Supporting activities				
General and administrative	940,038	-	940,038	842,383
Development and fundraising	1,175,503	-	1,175,503	1,081,955
Total supporting activities	2,115,541	-	2,115,541	1,924,338
Total expenses	15,977,277	-	15,977,277	14,780,468
NET ASSETS RELEASED RESTRICTIONS				
Satisfaction of program restrictions	9,691,172	(9,691,172)	-	-
Expiration of time restrictions	1,000,000	(1,000,000)	-	-
Total net assets released from restrictions	10,691,172	(10,691,172)	-	-
Change in net assets	1,085,867	192,999	1,278,866	(640,605)
Net assets at beginning of year	4,691,135	2,742,099	7,433,234	8,073,839
Net assets at end of year	<u>\$ 5,777,002</u>	<u>\$ 2,935,098</u>	<u>\$ 8,712,100</u>	<u>\$ 7,433,234</u>

See accompanying notes.

THE FREEDOM FUND, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019								2018	
	Program Services				Supporting Activities					
	Hotspots	Global Initiatives	Movement Building	Program Quality and Learning	Total Program Services	General and Administrative	Development and Fundraising	Total Supporting Activities	Total Expenses	Total Expenses
Salaries and benefits	\$ 1,546,115	\$ 165,679	\$ 164,417	\$ -	\$ 1,876,211	\$ 151,681	\$ 883,423	\$ 1,035,104	\$ 2,911,315	\$ 2,379,883
Consultancy fees	594,517	15,256	34,300	-	644,073	-	-	-	644,073	700,875
Occupancy, utilities, and maintenance	-	-	-	-	-	374,264	-	374,264	374,264	295,094
Services, supplies, and other	-	-	-	-	-	48,779	-	48,779	48,779	33,165
Grants to others	8,971,290	656,121	999,502	-	10,626,913	-	-	-	10,626,913	10,295,974
Depreciation	-	-	-	-	-	43,812	-	43,812	43,812	15,201
Bank fees	-	-	-	-	-	40,832	-	40,832	40,832	24,875
Hotspot management and supplies	199,063	-	-	-	199,063	-	-	-	199,063	60,724
Travel and running costs	241,353	11,093	19,289	15,502	287,237	71,773	82,913	154,686	441,923	294,284
Advertising and promotion	-	31,753	75,895	63,969	171,617	-	209,167	209,167	380,784	356,792
Legal fees	22,902	-	-	-	22,902	6,691	-	6,691	29,593	76,424
Accounting	6,566	-	-	-	6,566	105,132	-	105,132	111,698	139,652
Professional services	15,865	-	-	11,289	27,154	97,074	-	97,074	124,228	107,525
Total expenses	\$ 11,597,671	\$ 879,902	\$ 1,293,403	\$ 90,760	\$ 13,861,736	\$ 940,038	\$ 1,175,503	\$ 2,115,541	\$ 15,977,277	\$ 14,780,468

See accompanying notes.

THE FREEDOM FUND, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,278,866	\$ (640,605)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	43,812	15,201
Loss on disposal of equipment	3,331	-
(Increase) decrease in assets		
Advances receivable	14,937	238,901
Pledges receivable	1,815,653	88,769
Prepaid expenses	8,265	(25,790)
Deposits	12,365	(66,059)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	279,789	(132,174)
Accrued salaries and related benefits	38,668	(110,023)
Net cash flows from operating activities	<u>3,495,686</u>	<u>(631,780)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	<u>(68,097)</u>	<u>(129,253)</u>
Change in cash	3,427,589	(761,033)
Cash at beginning of year	<u>5,203,459</u>	<u>5,964,492</u>
Cash at end of year	<u><u>\$ 8,631,048</u></u>	<u><u>\$ 5,203,459</u></u>

See accompanying notes.

THE FREEDOM FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
With Comparative Totals for December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Freedom Fund, Inc. (The Freedom Fund) is a non-profit organization, incorporated in the State of Pennsylvania in December 2013, with offices in New York and London. The Freedom Fund was conceived in mid-2013 by three founders, Humanity United, Legatum Foundation and the Walk Free Foundation. As the three major private funders in the anti-slavery space at that time, they saw the need for a private donor fund to mobilize greater funding for the sector; drive ambitious research agenda that would identify interventions that could be replicated and scaled; and unify a fragmented field. The Freedom Fund commenced operations in January 2014.

The Freedom Fund is the world's first private donor fund dedicated to identifying and investing in the most effective front-line efforts to end slavery. The Freedom Fund's mission is to mobilize the capital and knowledge needed to end slavery.

- The Freedom Fund generates private funding by demonstrating how effective interventions can protect those at risk of being enslaved and free those in slavery.
- The Freedom Fund invests in those countries and sectors with the greatest incidence of slavery.
- The Freedom Fund analyzes which interventions work best, and shares that knowledge.
- The Freedom Fund brings together a community of activists committed to ending slavery and empowered by the knowledge of how best to do so.

To carry out its mission, The Freedom Fund:

- **Raises Capital:** The Freedom Fund brings new investors into the anti-slavery space, with the goal of raising at least \$100 million by the end of 2020.
- **Works on the Frontlines:** The Freedom Fund sets up geographically defined 'hotspot' projects in the countries with the highest incidence of slavery. The Freedom Fund identifies and invests in frontline, community-based organizations. This is time intensive but is also one of the best ways to achieve sustainable impact.
- **Drives Systematic Change:** The Freedom Fund generates and supports "sector initiatives" which address slavery in specific sectors or on specific issues. The Freedom Fund also works to strengthen and institutionalize the norm against slavery. Slavery is illegal under international law and in every country, but too often governments and businesses ignore their responsibilities.

THE FREEDOM FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
With Comparative Totals for December 31, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

- **Strengthens the Global Anti-slavery Infrastructure:** The anti-slavery field is fragmented and under-resourced. There is lack of research on what works and what doesn't. The Freedom Fund's "community-building initiatives" will help build a global community of activists by providing the platform, tools and knowledge for them to work together more effectively.

Principles of consolidation -

The financial statements include the accounts of The Freedom Fund and its subsidiaries, The Freedom Fund UK and The Freedom Fund Ethiopia. The Freedom Fund is the sole corporate member of The Freedom Fund UK and The Freedom Fund Ethiopia. All material intra-entity transactions have been eliminated.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

The Freedom Fund considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Advances and pledges receivable -

Advances receivable and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful amounts has not been established.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally four years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

The Freedom Fund is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Freedom Fund is not a private foundation.

THE FREEDOM FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
With Comparative Totals for December 31, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Uncertain tax positions -

For the years ended December 31, 2019 and 2018, The Freedom Fund has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Contributions -

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions in the reporting period in which the revenue is recognized. 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.

Use of estimates -

The preparation of the 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, occupancy, utilities, maintenance, services, supplies, other, and travel and running costs which are allocated on the basis of estimates of time and effort.

Comparative Financial Information -

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with The Freedom Fund's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

THE FREEDOM FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
With Comparative Totals for December 31, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Adoption of New Accounting Guidance -

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Freedom Fund adopted the requirements of the new guidance as of January 1, 2019, using the modified retrospective method of transition. In applying the new guidance, The Freedom Fund elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The majority of The Freedom Fund's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of The Freedom Fund's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on The Freedom Fund's financial statements. The majority of The Freedom Fund's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on The Freedom Fund's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958). Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Freedom Fund adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

THE FREEDOM FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
With Comparative Totals for December 31, 2018

2. CONTRIBUTIONS FROM FOUNDERS (Concentration of Revenue)

In 2014, the three founders, Humanity United, Legatum Foundation and the Walk Free Foundation, committed to contribute, at a minimum, \$10 million to or on behalf of The Freedom Fund and any party may make an additional financial commitment at any time. The Freedom Fund anticipates that each founder's commitment will be paid at a rate of \$2 million annually over the first five years of The Freedom Fund's existence, depending on the timing of The Freedom Fund's needs, and conditional on satisfactory performance by The Freedom Fund, as reasonably determined each year by each founder against targets agreed on by the Board of Directors.

For the years ended December 31, 2019 and 2018, The Freedom Fund recognized a total of \$3.5 million and \$5 million (approximately 20% and 37% of total revenue) of contributions from the three founders. The Freedom Fund has no reason to believe that relationships with these founders will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect The Freedom Fund's ability to finance ongoing operations.

3. CONDITIONAL GRANTS PAYABLE

The Freedom Fund has a number of grants to various partners whereby The Freedom Fund could contribute further funding towards these entities' work on anti-slavery initiatives.

These awards are contingent on each entity meeting criteria and performance requirements as agreed upon in the contracts. As of December 31, 2019 and 2018, The Freedom Fund could provide up to \$5,239,094 and \$5,932,780 if partners meet all the performance requirements in the contracts.

4. LEASE COMMITMENTS

The Freedom Fund leases office space in the United Kingdom under a five-year lease that was entered into in November 2018. The lease contains a break clause after 3 years. Base rent is \$200,266 per year, plus a proportionate share of expenses.

The Freedom Fund leases office space in New York under a lease agreement that expires June 30, 2020. Base rent under this lease is \$5,581 per month, plus a proportionate share of expenses.

The Freedom Fund leases office equipment in the United Kingdom with an annual lease commitment of \$1,312. The lease was entered into in April 2018 for a 3 years term.

Future minimum lease payments for the years ended December 31, 2020 and 2021 are \$253,267 and \$200,702, respectively.

Rent expense for the years ended December 31, 2019 and 2018 was \$253,930 and \$221,014, respectively.

THE FREEDOM FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
With Comparative Totals for December 31, 2018

5. NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Thailand hotspot	\$ 545,670	\$ 515,620
Southern India hotspot	42,617	39,798
Central Nepal hotspot	-	153,598
Prevalence study, Northern India	77,174	178,495
Strategic partnerships	31,957	-
Myanmar research	-	100,000
National Information Network - India	-	29,588
Rajasthan hotspot	699,255	225,000
Brazil hotspot	60,035	-
Freedom rising	439,393	-
Tarriff acts	90,000	-
Moving markets	448,997	-
Subject to expenditure in subsequent periods	<u>500,000</u>	<u>1,500,000</u>
Net assets with donor restrictions	<u>\$ 2,935,098</u>	<u>\$ 2,742,099</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2019</u>	<u>2018</u>
Thailand hotspot	\$ 2,233,021	\$ 269,610
Southern India hotspot	1,768,777	1,286,795
Central Nepal hotspot	1,072,492	996,852
Prevalence study, Northern India	131,321	-
Strategic partnerships	1,063,043	1,120,000
Myanmar research	100,000	21,347
National Information Network - India	-	88,555
Northern India hotspot	186,238	406,810
Rajasthan hotspot	1,592,294	1,158,095
Ethiopia hotspot	1,150,706	-
Other	285,371	-
Freedom rising	72,909	-
Tarriff acts	35,000	-
Passage of time	<u>1,000,000</u>	<u>500,000</u>
Net assets released from restrictions	<u>\$ 10,691,172</u>	<u>\$ 5,848,064</u>

THE FREEDOM FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
With Comparative Totals for December 31, 2018

6. RETIREMENT PLAN

The Freedom Fund provides retirement benefits to its employees through a defined contribution plan covering all full-time permanent employees. Contributions to the plan during the year ended December 31, 2019 and 2018 totaled \$197,070 and \$166,553, respectively.

7. RELATED PARTY TRANSACTIONS

During the year The Freedom Fund received the amounts from institutions who have representatives on its board, namely:

	2019	2018
Legatum	\$ -	\$ 2,000,000
Humanity United	2,588,072	1,198,438
Children's Investment Fund Foundation	3,750,129	3,160,260
Stardust	500,000	1,000,000
Minderoo	1,000,000	2,000,000
Cassiopeia	2,000,000	-
	\$ 9,838,201	\$ 9,358,698

Pledges receivable from related parties are as detailed below:

	2019	2018
Legatum	\$ 42,401	\$ 1,842,381
Minderoo	-	475,965
	\$ 42,401	\$ 2,318,346

8. CONCENTRATIONS OF CREDIT RISK

The Freedom Fund maintains cash balances at financial institutions located in Rhode Island and London. Bank deposit accounts in Rhode Island are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 and bank deposit accounts in London by the Financial Services Compensation Scheme (FSCS) up to a limit of £85,000 (approximately \$120,000). At December 31, 2019 and 2018 the Freedom Fund's uninsured cash balances totaled approximately \$8,207,000 and \$4,794,000, respectively. Management believes the risk in these situations to be minimal.

THE FREEDOM FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
With Comparative Totals for December 31, 2018

9. HOME OFFICE FUNDS

Grant activity from the Home Office consisted of the following:

	Northern India
Balance, January 1, 2018	\$ 49,033
Resources received	332,777
Resources expended	(381,810)
Balance, December 31, 2018	-
Resources received	103,735
Resources expended	(103,735)
Balance, December 31, 2019	\$ -

10. LIQUIDITY AND AVAILABILITY

The following reflects The Freedom Fund's financial assets as of the date of the consolidated statement of financial position, reduced by amounts not available for general expenditures within one year of the date of the consolidated statement of financial position because of donor-imposed or other restrictions.

	2019	2018
Financial assets at year-end		
Cash	\$ 8,631,048	\$ 5,203,459
Advances receivable	7,909	22,846
Pledges receivable	698,086	2,513,739
Deposits	70,544	82,909
Total financial assets at year-end	9,407,587	7,822,953
Less those unavailable for general expenditures within one year:		
Donor-restricted with time or purpose restrictions	(2,935,098)	(2,742,099)
Deposits to be received in more than one year	(70,544)	(82,909)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,401,945	\$ 4,997,945

The Freedom Fund receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions.

THE FREEDOM FUND, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019
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10. LIQUIDITY AND AVAILABILITY (continued)

The Freedom Fund considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during The Freedom Fund's fiscal year.

The Freedom Fund manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of The Freedom Fund.

11. SUBSEQUENT EVENTS

In preparing these financial statements, The Freedom Fund has evaluated events and transactions for potential recognition or disclosure through April 16, 2020, the date the financial statements were available to be issued.

The Freedom Fund's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on The Freedom Fund is uncertain; however, it may result in a material adverse impact on The Freedom Fund's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to The Freedom Fund's donors and revenue, absenteeism in their workforce, unavailability of programs, and a decline in value assets held by the Organization.