

Restavek Freedom Foundation

Financial Statements

Year Ended December 31, 2017

Table of Contents

Independent Auditor's Report-----	1-2
Financial Statements:	
Statement of Financial Position-----	3
Statement of Activities-----	4
Statement of Cash Flows-----	5
Notes to Financial Statements-----	6-12
Supplemental Schedule:	
Statement of Functional Expenses-----	14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Restavek Freedom Foundation

We have audited the accompanying financial statements of Restavek Freedom Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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 the accounting policies used and the reasonableness of significant 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 reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Restavek Freedom Foundation as of December 31, 2017, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses on page 11 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 information is fairly stated in all material respects in relation to the financial statements as a whole.


Switzer, McGaughey & King, PSC
Lexington, Kentucky

June 1, 2018

Except for Note I, as to which the date is August 30, 2018

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Current Assets:

Unrestricted Cash and Cash Equivalents	\$ 497,264
Temporarily Restricted & Board Designated Cash and Cash Equivalents	498,197
Investments	1,154,619
Accounts Receivable, net	--
Other Receivables	<u>23,336</u>
 Total Current Assets	 2,173,416

Fixed Assets:

Land and Buildings	1,705,625
Vehicles	266,275
Office Equipment	25,179
Other Equipment	<u>4,000</u>
	2,001,079
Less Accumulated Depreciation	<u>(331,082)</u>
Fixed Assets, Net	1,669,997

Total Assets \$3,843,413

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$ 11,042
Accrued Payroll	<u>13,010</u>
 Total Current Liabilities	 24,052

Net Assets:

Unrestricted	3,321,164
Unrestricted - Board Designated for Hurricane Reconstruction	200,000
Temporarily Restricted	298,197
Permanently Restricted	<u>--</u>
 Total Net Assets	 <u>3,819,361</u>

Total Liabilities and Net Assets \$3,843,413

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues, Gains & Other Support:</u>				
Contributions	\$1,521,374	\$ 990,761	\$ --	\$2,512,135
Other Income	21,258	--	--	21,258
Dividend & Interest Income, net	28,478	--	--	28,478
Gain on Investments	116,558	--	--	116,558
Net Assets Released from Restrictions	<u>788,510</u>	<u>(788,510)</u>	--	<u>--</u>
Total Revenues, Gains & Other Support	2,476,178	202,251	--	2,678,429
<u>Expenses:</u>				
Program Services:				
Child Advocacy	437,750	--	--	437,750
Leadership Development	446,282	--	--	446,282
Awareness	284,285	--	--	284,285
Rural Community Programs	263,663	--	--	263,663
Hurricane Reconstruction	336,601	--	--	336,601
Bridge Scholarship Program	42,524	--	--	42,524
Other Program Development	278,458	--	--	278,458
Supporting Services:				
Management & General	92,962	--	--	92,962
Fundraising	128,316	--	--	128,316
Total Expenses	<u>2,310,841</u>	<u>--</u>	<u>--</u>	<u>2,310,841</u>
Change in Net Assets	165,337	202,251	--	367,588
Net Assets, Beginning of Year	<u>3,355,827</u>	<u>95,946</u>	<u>--</u>	<u>3,451,773</u>
Net Assets, End of Year	<u>\$3,521,164</u>	<u>\$ 298,197</u>	<u>\$ --</u>	<u>\$3,819,361</u>

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flow From Operating Activities:

Increase in Net Assets	\$ 367,588
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	58,246
Realized & Unrealized Loss on Investments, net	(145,029)
Contributions of Securities	(15,553)
Decrease in Operating Assets:	
Accounts Receivable	--
Other Receivables	(9,446)
Increase in Operating Liabilities:	
Accounts Payable	(19,227)
Accrued Payroll	<u>1,387</u>
Net Cash Provided by Operating Activities	237,966

Cash Flow From Investing Activities:

Purchase of Fixed Assets	--
Sale of Investments	<u>--</u>
Net Cash Used in Investing Activities	<u>--</u>

Increase in Cash	237,966
Cash at Beginning of Year	<u>757,495</u>
Cash at End of Year	<u>\$ 995,461</u>

Supplemental Disclosures:

Cash Paid for Interest Expense	\$ --
Cash Paid for Income Taxes	<u>\$ --</u>

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2017

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Restavek Freedom Foundation (the Organization) exempt purpose is to help the population of former, current and potential restavecs, the majority of whom are located in Port au Prince, Haiti. By receiving and disbursing donations, money will be available to secure necessary educational supplies and medical supplies for Haitian children living in poverty, unable to attend school or to receive the most basic of hygienic and medical care.

In 2017, the Organization was supported through donor contributions. The officers of the Organization contributed approximately 8% of the Organization's support in 2017. The Organization is a 501(c)(3) non-profit corporation.

Promises to Give

Contributions are recognized when received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

During 2015, grantors that previously provided promises to give changed their grants to expense reimbursements. The Organization now receives reimbursements on these grants based on money expended and therefore, no grant receivable is recorded as of December 31, 2017.

Contributed Services

During the year ended December 31, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization receives more than 3,000 volunteer hours per year.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2017

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

Under the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

Also under SFAS No. 116, receipts of unconditional promises to give with payments due in future periods have been reported as temporarily restricted net assets.

Income Taxes

The Organization is a not-for-profit organization exempt from taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization did not have 2017 income subject to unrelated business income tax on Form 990-T.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2017

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all bank balances and highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at fair value based on available market values at year end. Unrealized and realized gains and losses are recorded in the Statement of Activities.

Fixed Assets

Fixed assets are recorded at cost if purchased or fair value if contributed. Depreciation is determined on the straight-line basis over the estimated useful lives of the assets. The fixed assets owned by the foundation are all in use in Haiti. The Organization normally capitalizes fixed assets that have lives over one year and a cost basis in excess of \$5,000.

NOTE B - RESTRICTIONS ON NET ASSETS

During 2017, the Organization was awarded various grants by several private foundations which were restricted for use in certain activities or specific programs that are essential to the Organization's operations in Haiti. The Organization also received significant private donations in response to a fundraising drive for Hurricane Reconstruction. The Organization identified \$677,087 in such support during 2017. Also during 2017, the Organization expended \$474,836 in temporarily restricted assets, part of which was received in 2016. The remaining balance of \$298,070 is reported as temporarily restricted net assets as of December 31, 2017. During 2017, the Organization's Board of Directors also designated \$200,000 in unrestricted funds for use in Hurricane Reconstruction.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2017

NOTE C - INVESTMENTS

At December 31, 2017, the fair value of investments consisted of the following:

Common Stock	
Consulting	\$ 24,911
Consumer Products	139,337
Energy	42,031
Health Care	30,783
Financials	97,923
Information Technology	55,336
Construction	9,092
Precious Metals	--
 Mutual Funds	
Non-Directional	368,486
Energy	37,439
Fixed Income Equities	273,176
Industrial	--
 Uninvested Cash	<u>76,105</u>
 Total	<u>\$1,154,619</u>

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes here levels of inputs that may be used to measure fair value:

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2017

NOTE C - INVESTMENTS (Continued)

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that is observable or can be observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

All of the Organization's investments, which include cash, equities and mutual funds and total \$1,154,619 as of December 31, 2017, are classified Level 1. The fair values of these investments are based upon quoted prices for identical assets in active markets that the entity has the ability to access as of the measurement date.

Investment expenses totaling \$7 for the year ended December 31, 2017 were netted with dividend and interest income in the Statement of Activities.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2017

NOTE D - PROMISES TO GIVE

The only promises to give relates to individual donors who are making monthly payments to the Sponsor a Child program. There are no pledges to the Foundation that are for longer than one year.

NOTE E - CONCENTRATIONS

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. The Organization's cash deposits are in financial institutions in Ohio and Haiti and may at times exceed federally insured amounts. The Organization performs ongoing evaluations of their donors. Although the Organization is directly affected by the wellbeing of the economy in general, management does not believe significant credit risk exists at December 31, 2017.

NOTE F - LEASES

The Organization is subject to year-to-year lease agreements for residential, office and educational space in Haiti. A new lease for residential space was signed in May 2016 and expired September 15, 2017. This lease required 6 payments of \$1,200. A new one year agreement was signed in September 2017 at which time an annual rent of \$4,000 was paid. A one year lease agreement for office space was signed in January 2017 at which time annual rent of \$36,300 was paid. A one year lease agreement for educational space was signed in December 2017 at which time annual rent of \$8,400 was paid. Therefore, no future minimum lease payments exist and the organization has paid rent in advance in the amount of \$13,392 as of December 31, 2017.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONCLUDED)
DECEMBER 31, 2017

NOTE F - LEASES (concluded)

The Organization has also signed an agreement with a vendor for use of hosted website applications including general ledger and online giving portals. The Organization has agreed to a minimum annual renewal fee of \$27,548 per year for three additional years beginning in March 2016.

NOTE G - COMPENSATION POLICY

The Organization's management decided that all officers, directors and direct family members of the officers and directors would serve the organization without compensation during 2017.

NOTE H - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 1, 2018, except as it relates to Note I, as to which subsequent events were evaluated through August 30, 2018, which is the date that the financial statements were available to be issued.

NOTE I - SUBSEQUENTLY DISCOVERED FACT

Subsequent to the original of the financial statements, it was discovered that temporarily restricted assets as reported in the Statement of Activities, did not agree to temporarily restricted assets as reported in the Statement of Financial Position, which accurately reported \$298,197 in temporarily restricted assets. The Statement of Activities has been corrected to agree to the Statement of Financial Position.

Supplemental Schedule

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

	Child Advocacy	Leadership Development	Awareness	Rural Community Program	Hurricane Reconstruction	Bridge Scholarship Program	Other Program Development	Total Program	Management & General	Fundraising	Total
Tuition & Education	\$232,375	\$ --	\$ --	\$ 4,341	\$ --	\$22,881	\$ 10,601	\$ 270,198	\$ --	\$ --	\$ 270,198
Travel:											
Transportation to/from and in Haiti	8,865	52,696	4,747	12,250	28,777	793	10,411	118,539	1,448	6,581	126,568
Lodging/Housing	81	14,636	1,286	2,784	9,174	1,535	--	29,496	476	3,234	33,206
Miscellaneous	412	8,493	377	52	299	--	11,392	21,025	--	2,245	23,270
Construction & Labor	4,754	4	1,174	28,313	176,016	--	2,766	213,027	--	--	213,027
Food & Beverage Distribution	8,343	7,185	1,977	4,926	38,469	370	20,467	81,737	1,068	1,330	84,135
Staffing Costs	127,349	76,177	95,230	120,391	45,989	9,399	116,486	591,021	45,646	45,269	681,936
Supplies	31,181	49,281	16,829	32,536	32,688	1,161	16,844	180,520	4,327	16,911	201,758
Occupancy Costs	6,500	10,000	10,000	23,400	--	3,000	29,400	82,300	--	--	82,300
Utilities	5,962	4,862	4,088	5,407	2,610	--	3,342	26,271	2,095	1,957	30,323
Contract Services	1,250	193,032	40,115	5,016	2,350	--	60	241,823	1,093	2,019	244,935
Funding Other Organizations	--	--	--	--	--	--	18,498	18,498	--	--	18,498
Depreciation	7,862	6,394	--	--	--	--	37,536	51,792	6,454	--	58,246
Organizational Expenses	238	2,445	--	2,445	229	--	--	5,357	4,205	--	9,562
Website	--	--	49,247	--	--	--	--	49,247	8,900	--	58,147
Special Events	841	579	9,817	2,513	--	3,005	654	17,409	--	26,452	43,861
Processing Fees	--	--	--	--	--	380	1	381	2,608	7,990	10,979
Professional Fees	1,737	20,498	49,398	19,289	--	--	--	90,922	14,642	14,328	119,892
Total Expense	\$437,750	\$446,282	\$284,285	\$263,663	\$336,601	\$42,524	\$278,458	\$2,089,563	\$92,962	\$128,316	\$2,310,841

See Independent Auditor's Report