

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, 2014, 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.

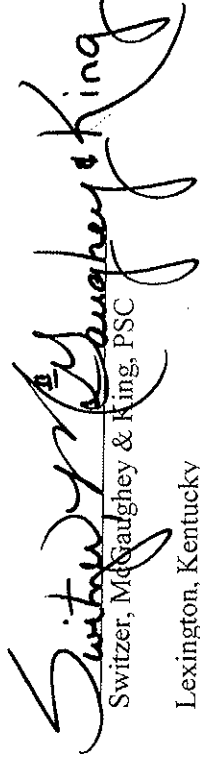
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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, 2014, 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.

Other Matter

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



Switzer, McLaughley & King, PSC

Lexington, Kentucky

July 29, 2015

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

<u>Current Assets:</u>	
Unrestricted Cash and Cash Equivalents	\$ 260,278
Donor Restricted Cash and Cash Equivalents	98,880
Investments	1,075,520
Accounts Receivable, net	779
Grants Receivable	262,127
Other Receivables	44,731
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Total Current Assets	1,742,315
<u>Fixed Assets:</u>	
Land and Buildings	829,698
Vehicles	138,391
Office Equipment	25,179
Other Equipment	4,000
Construction in Progress	656,127
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Less Accumulated Depreciation	1,653,395
	(169,390)
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Fixed Assets, Net	1,484,005
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Total Assets	\$ 3,226,320
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LIABILITIES & NET ASSETS

<u>Current Liabilities:</u>	
Accounts Payable	\$ 2,208
<u>Net Assets:</u>	
Unrestricted	2,863,105
Temporarily Restricted	361,007
Permanently Restricted	-
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Total Net Assets	3,224,112
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Total Liabilities and Net Assets	\$ 3,226,320
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See and Independent Auditor's Report and Accompanying Notes

RESTAVERK FREEDOM FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains & Other Support:				
Contributions	\$ 1,516,796	\$ 184,000	\$ -	\$ 1,700,796
Other Income	35,722	-	-	35,722
Dividend & Interest Income, net	23,779	-	-	23,779
Gain from Investments	49,027	-	-	49,027
Net Assets Released from Restrictions	280,120	(280,120)	-	-
Total Revenues, Gains & Other Support	1,905,444	(96,120)	-	1,809,324
Expenses:				
Program Services:				
Child Advocacy	343,521	-	-	343,521
Leadership Development	462,253	-	-	462,253
Awareness	304,217	-	-	304,217
Other Program Development	422,868	-	-	422,868
Supporting Services:				
Management & General	136,346	-	-	136,346
Fundraising	42,363	-	-	42,363
Total Expenses	1,711,568	-	-	1,711,568
Change in Net Assets	193,876	(96,120)	-	97,756
Net Assets, Beginning of Year	2,669,229	457,127	-	3,126,356
Net Assets, End of Year	\$ 2,863,105	\$ 361,007	\$ -	\$ 3,224,112

See and Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash Flow From Operating Activities:

Increase in Net Assets	\$ 97,756
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	52,162
Realized & Unrealized Gains on Investments, net	(72,806)
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(444)
Grants Receivable	60,000
Prepaid Expenses	32,962
Other Receivables	(28,008)
Increase in Operating Liabilities:	
Accounts Payable	<u>2,208</u>

Net Cash Used in Operating Activities

143,830

Cash Flow From Investing Activities:

Purchase of Fixed Assets	(353,762)
Sale of Investments	<u>60,060</u>
Net Cash Used in Investing Activities	(293,702)
Decrease in Cash	(149,872)
Cash at Beginning of Year	<u>509,030</u>
Cash at End of Year	<u><u>\$ 359,158</u></u>

Supplemental Disclosures:

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

See and Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014

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 2014, the Organization was supported through donor contributions. The officers of the Organization contributed approximately 12% of the Organization's support in 2014. The Organization is a 501(c)(3) non-profit corporation.

Promises to Give

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. 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. All contributions receivable are due to the Organization within one year.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on experience and management's analysis of specific promises made. At December 31, 2014 the bad debt allowance was \$-0-.

Contributed Services

During the year ended December 31, 2014, 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.

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.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2014

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

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 2014 income subject to unrelated business income tax on Form 990-T.

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 \$500.

NOTE B – RESTRICTIONS ON NET ASSETS

During 2014, the Organization was awarded various grants by several private foundations which were restricted for use in certain activities including the construction of a community center in Haiti as well as the acquisition of other real property essential to the Organization's operations in Haiti. The Organization received \$184,000 in such support during 2014. Also during 2014, the Organization expended \$280,120 in temporarily restricted assets, part of which was received in 2013. The remaining balance of \$361,007 is reported as temporarily restricted net assets as of December 31, 2014. \$98,880 of this amount is included in cash and cash equivalents at year end leaving a remaining unrestricted cash balance of \$262,127, which is included in Grants Receivable.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2014

NOTE C – INVESTMENTS

At December 31, 2014, the fair value of investments consisted of the following:

Common Stock	\$ 14,736
Consulting	101,062
Consumer Products	6,972
Construction	40,947
Energy	48,926
Health Care	51,296
Financials	63,052
Information Technology	19,470
Manufacturing	22,358
Precious Metals	
Mutual Funds	
Non-Directional	336,083
Energy	45,860
Fixed Income Equities	241,140
Industrial	13,353
Uninvested Cash	<u>70,265</u>
Total	<u>\$1,075,520</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 three levels of inputs that may be used to measure fair value:

- 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.

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NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2014

NOTE C – INVESTMENTS (Continued)

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 \$1,075,520 as of December 31, 2014, 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 \$583 for the year ended December 31, 2014 were netted with dividend and interest income in the Statement of Activities.

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, 2014.

NOTE F – LEASES

The Organization is subject to a year-to-year lease agreement for residential space in Haiti. A two-year lease agreement for office space was signed in August 2013 at \$39,600 per year through July 2015. Therefore future minimum lease payments are \$23,100 for 2015. Rent expense for 2014 was \$62,900.

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 an annual renewal fee of \$10,000 per year for three additional years beginning in 2012.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONCLUDED)
DECEMBER 31, 2014

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 2014.

NOTE H – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 29, 2015, which is the date that the financial statements were available to be issued.

Supplemental Schedule

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Child Advocacy	Leadership Development	Awareness	Other Program Development	Total Program	Management & General	Fundraising	Total
Tuition & Education	\$ 159,875	\$ -	\$ 35,000	\$ 22,752	\$ 217,627	\$ -	\$ -	\$ 217,627
Travel:								
Transportation to/from and in Haiti	13,926	83,750	20,164	29,926	147,766	4,911	4,923	157,600
Lodging/Housing	400	4,229	7,622	5,963	18,214	952	802	19,968
Miscellaneous	43	3	-	345	391	-	-	391
Construction & Labor	6,036	6,215	1,020	40,247	53,518	3,420	56,938	
Food & Beverage Distribution	4,074	10,422	8,073	23,153	45,722	282	46,247	
Staffing Costs	119,967	97,148	25,536	145,297	387,948	26,493	18,755	433,196
Supplies	5,190	27,751	30,868	19,437	83,246	23,985	6,488	113,719
Occupancy Costs	9,880	11,880	3,960	35,200	60,920	-	1,980	62,900
Utilities	4,761	6,963	1,602	14,638	27,964	764	889	29,617
Contract Services	1,895	186,345	134,465	4,308	327,013	2,908	329,921	
Funding Other Organizations	-	-	-	45,030	45,030	-	-	45,030
Depreciation	15,982	305	-	35,865	52,152	10	52,162	
Organizational Expenses	-	-	-	-	-	14,249	14,249	
Website	-	-	14	-	14	-	-	
Special Events	-	12,500	250	-	12,750	-	-	
Interest Expense	-	-	-	-	-	117	-	
Processing Fees	-	-	-	-	-	3,689	1,633	
Professional Fees	1,492	14,742	35,643	707	52,584	31,521	6,650	
Total Expense	\$ 343,521	\$ 462,253	\$ 304,217	\$ 422,868	\$ 1,532,859	\$ 136,346	\$ 42,363	\$ 1,711,568

See Independent Auditor's Report