

**Restavek Freedom Foundation**

Financial Statements

Year Ended December 31, 2019

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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, 2019, and the related 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.

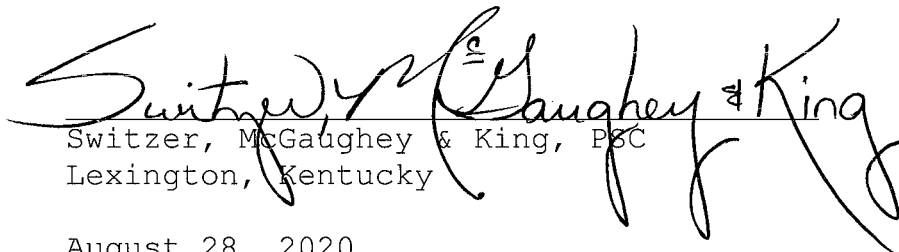
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 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, 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.



Switzer, McGaughey & King, PSC  
Lexington, Kentucky

August 28, 2020

RESTAVEK FREEDOM FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$1,185,618
Cash and Cash Equivalents - Board Designated	650,000
Investments	1,377,411
Other Receivables	<u>38,053</u>

Total Current Assets 3,251,082

Fixed Assets:

Land and Buildings	1,732,483
Vehicles	281,275
Office Equipment	31,358
Other Equipment	<u>4,000</u>
	2,049,116
Less Accumulated Depreciation	<u>(448,144)</u>
Fixed Assets, Net	1,600,972

Total Assets \$4,852,054

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$ 140,071
Accrued Payroll	<u>2,674</u>

Total Current Liabilities 142,745

Net Assets:

Net Assets without Donor Restrictions	4,403,783
Net Assets with Donor Restrictions	<u>305,526</u>

Total Net Assets 4,709,309

Total Liabilities and Net Assets \$4,852,054

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, Gains &amp; Other Support:</u>			
Contributions	\$2,105,478	\$ 436,137	\$2,541,615
Other Income (Expense)	(7,996)	--	(7,996)
Dividend & Interest Income, net	27,722	--	27,722
Gain on Investments	222,940	--	222,940
Net Assets Released from Restrictions	<u>          --</u>	<u>          --</u>	<u>          --</u>
Total Revenues, Gains & Other Support	2,348,144	436,137	2,784,281
<u>Expenses:</u>			
<u>Program Services:</u>			
Child Advocacy	466,059	--	466,059
Leadership Development	210,586	118,167	328,753
Awareness	168,181	--	168,181
Rural Community Programs	440,815	--	440,815
Hurricane Reconstruction	21,280	--	21,280
Bridge Scholarship Program	112,528	--	112,528
Other Program Development	270,514	12,444	282,958
<u>Supporting Services:</u>			
Management & General	160,977	--	160,977
Fundraising	<u>68,733</u>	<u>          --</u>	<u>68,733</u>
Total Expenses	<u>1,919,673</u>	<u>130,611</u>	<u>2,050,284</u>
Change in Net Assets	428,471	305,526	733,997
Net Assets, Beginning of Year	<u>3,975,312</u>	<u>          --</u>	<u>3,975,312</u>
Net Assets, End of Year	<u>\$4,403,783</u>	<u>\$ 305,526</u>	<u>\$4,709,309</u>

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Child Advocacy	Leadership Development	Awareness	Rural Community Program	Hurricane Reconstruction	Bridge Scholarship Program	Other Program Development	Total Program	Management & General	Fundraising	Total
Tuition & Education	\$178,032	\$ 11,503	\$ --	\$ 30,695	\$ 204	\$ 59,310	\$ 18,488	\$ 298,232	\$ --	\$ --	\$ 298,232
Travel:											
Transportation to/from and in Haiti	20,520	27,162	2,443	21,484	488	5,637	6,091	83,825	2,398	317	86,540
Lodging/Housing	1,213	2,314	--	2,963	--	18,122	323	24,935	874	--	25,809
Miscellaneous	5,612	1,579	--	23,256	3,031	2,410	2,034	37,922	4,539	152	42,613
Construction & Labor	7,714	18,280	--	98,561	150	--	40,845	165,550	2,271	--	167,821
Food & Beverage Distribution	12,437	8,515	692	4,814	464	1,279	33,318	61,519	207	1,279	63,005
Staffing Costs	171,984	105,347	36,300	160,571	13,941	12,723	60,706	561,572	93,485	29,933	684,990
Supplies	20,738	26,388	2,955	16,850	2	3,232	31,888	102,053	15,910	20,036	137,999
Occupancy Costs	23,400	15,000	--	5,000	--	--	19,400	62,800	5,600	--	68,400
Utilities	5,730	10,900	231	8,120	--	1,869	5,495	32,345	2,172	5,247	39,764
Contract Services	--	81,371	50,000	--	--	3,930	--	135,301	271	1,404	136,976
Funding Other Organizations	--	--	50,000	--	--	--	10,299	60,299	--	--	60,299
Depreciation	6,559	6,394	--	--	3,000	--	36,461	52,414	7,096	--	59,510
Organizational Expenses	--	--	--	--	--	--	--	--	3,166	--	3,166
Website	--	--	25,000	--	--	--	--	25,000	17,497	--	42,497
Special Events	--	--	--	--	--	--	--	--	--	--	--
Processing Fees	--	--	--	--	--	144	--	144	2,675	6,809	9,628
Professional Fees	12,120	14,000	560	68,501	--	3,872	17,610	116,663	2,816	3,556	123,035
<b>Total Expense</b>	<b>\$466,059</b>	<b>\$328,753</b>	<b>\$168,181</b>	<b>\$440,815</b>	<b>\$ 21,280</b>	<b>\$112,528</b>	<b>\$282,958</b>	<b>\$1,820,574</b>	<b>\$160,977</b>	<b>\$68,733</b>	<b>\$2,050,284</b>

See Independent Auditor's Report and Accompanying Notes.

RESTAVEK FREEDOM FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flow from Operating Activities:

Increase in Net Assets	\$ 733,997
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	59,511
Realized & Unrealized Loss on Investments, net	(250,657)
Contributions of Securities	(4,460)
Change in Operating Assets:	
Other Receivables	(3,442)
Change in Operating Liabilities:	
Accounts Payable	118,652
Accrued Payroll	<u>1,516</u>
Net Cash Provided by Operating Activities	655,117

Cash Flow from Investing Activities:

Purchase of Fixed Assets	(29,776)
Sale of Investments	<u>    --</u>
Net Cash Used in Investing Activities	<u>(29,776)</u>

Increase in Cash	625,341
Cash and Cash Equivalents at Beginning of Year	<u>1,210,277</u>
Cash and Cash Equivalents at End of Year	<u>\$1,835,618</u>

Supplemental Disclosures:

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

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2019

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 2019, the Organization was supported through donor contributions. The officers of the Organization contributed approximately 8% of the Organization's support in 2019. The Organization is a 501(c)(3) non-profit corporation.

Adoption of New Accounting Standards

On January 1, 2019, the Organization adopted ASU 2014-09 *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, "ASC 606") which creates a single framework for recognizing revenue from contracts with customers that fall within its scope and revises when it is appropriate to recognize gain or loss from the transfer of non-financial assets. The majority of the Organization's revenues come from contributions from donors and private grants, which consist entirely of non-exchange transactions that do not fall within the scope of ASC 606.

During 2019, the Organization also adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies the treatment of contributions with donor-imposed restrictions or conditions and the timing of recognition of those contributions. The implementation of this guidance would result in no change to the financial statements of the Organization, with regard to any contributions previously received.



RESTAVEK FREEDOM FOUNDATION  
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
DECEMBER 31, 2019

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

Revenue Recognition

The Organization adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy guidance found within generally accepted accounting principles. However, no net change in beginning net assets was required because the application of ASC 606 would have resulted in no net change in the timing of revenue recognition in prior periods.

While the majority of the Organization's contribution revenue consists of charitable giving with no expectation of goods or services in return, the Organization does receive grants from private organizations that are reimbursable in nature. Therefore, in order to receive grant funding in these instances, the Organization has an obligation to spend resources within the guidelines of the grant and to provide the necessary documented support to the grantor in order to receive reimbursement funding. The grants consist entirely of conditional contributions and not exchange transactions and therefore do not fall within the scope of ASC 606

The Organization's other sources of revenue primarily consist of investment income and currency translation gains and losses, which are not subject to the provisions of ASC 606.

Promises to Give

Contributions are recognized when received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

RESTAVEK FREEDOM FOUNDATION  
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
DECEMBER 31, 2019

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

Promises to Give (Concluded)

Grantors that previously provided promises to give have since 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, 2019.

Contributed Services

During the year ended December 31, 2019, 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 Accounting Standards Update (ASU) No. 2016-14, *Financial Statements of Not-for-Profit Entities*, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

Under ASU No. 2016-14, *Financial Statements of Not-for-Profit Entities*, contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the absence or existence of any donor restrictions.

Also, under ASU No. 2018-18, receipts of unconditional promises to give with payments due in future periods have been reported as net assets with donor restrictions.

RESTAVEK FREEDOM FOUNDATION  
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
DECEMBER 31, 2019

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

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 2019 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, uninvested cash 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.

Availability of Organization's Financial Assets

Restavek Freedom Foundation has not adopted a formal liquidity management plan. The Organization continually reviews its financial assets and assesses if these financial assets are sufficient to meet cash needs for general expenditures. The Organization's cash and cash equivalents, as well as investments on hand at year end, are highly liquid and are available to meet the operating needs of the Organization for the next twelve months. There are no restrictions by donors or others on these assets that would preclude their use in funding the Organization's continued operations.

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.

RESTAVEK FREEDOM FOUNDATION  
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
DECEMBER 31, 2019

NOTE B - RESTRICTIONS ON NET ASSETS

During 2018, the Organization expended the remaining balance of \$298,070 in net assets with donor restrictions received in 2016 and 2017 for hurricane reconstruction, leaving no remaining balance in Net Assets with donor restrictions. During 2019, the Board designated \$450,000 for capital projects and \$200,000 for the Brigade for the Protection of Minors Program for future expense. The Organization also received \$436,137 in contributions with donor restrictions and spent \$130,611 of those contributions during 2019 leaving \$305,526 remaining in net assets with donor restrictions as of December 31, 2019.

NOTE C - INVESTMENTS

At December 31, 2019, the fair value of investments consisted of the following:

Common Stock	
Consulting	\$ 35,149
Consumer Products	174,648
Energy	50,181
Health Care	48,154
Financials	125,844
Information Technology	39,720
Construction	12,947
Mutual Funds	
Non-Directional	274,446
Energy	34,660
Fixed Income Equities	440,503
Real Estate	28,684
Uninvested Cash	<u>112,475</u>
Total	<u>\$1,377,411</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.

RESTAVEK FREEDOM FOUNDATION  
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
DECEMBER 31, 2019

NOTE C - INVESTMENTS (CONTINUED)

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:

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 \$1,377,411 as of December 31, 2019, 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 are typically not a material amount and are netted with dividend and interest income in the Statement of Activities. Investment expenses were \$-0- for the year ended December 31, 2019.

RESTAVEK FREEDOM FOUNDATION  
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
DECEMBER 31, 2019

NOTE D - METHODS USED FOR ALLOCATION OF EXPENSES FROM MANAGEMENT AND GENERAL ACTIVITIES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include depreciation, travel expense, salary and contract services, occupancy costs, information technology and website expense and other supplies and fees. Depreciation and occupancy costs are allocated based on square footage and on specific use for depreciable tangible personal property. Salaries and contract services are allocated based on estimates of time and effort expended. Information technology and website expense are allocated based on estimates of specific use by function or activity. Supplies and fees are allocated based on direct use or relationship to an activity. Travel costs to and from Haiti are allocated based on the primary purpose of specific travel on a case by case basis.

NOTE E - 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 F - 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, 2019.

RESTAVEK FREEDOM FOUNDATION  
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
DECEMBER 31, 2019

NOTE G - LEASES

The Organization is subject to year-to-year lease agreements for residential, office and educational space in Haiti. A one year lease agreement for the Port au Prince Transitional home was signed in September 2019 at which time rent of \$14,400 was pre-paid for that term. A one-year lease agreement for office space was renewed in January 2019 at which time annual rent of \$42,000 was paid. In January 2020, this agreement was renewed for an additional year at an annual rate of \$45,600. A one-year lease agreement for educational space was signed in December 2019 at which time annual rent of \$8,400 was paid. Therefore, no future minimum lease payments exist as of December 31, 2019.

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 agreed to a minimum annual renewal fee of \$27,548 per year for three additional years beginning in March 2016. This original agreement expired in March 2019 at which time the agreement was renewed for an additional three years at \$13,121 per year.

NOTE H - 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 2019.

NOTE I - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2020, which is the date that the financial statements were available to be issued. Subsequent to the financial statement date, the national and world economies were dramatically impacted by business and government agency closures as a result of COVID-19. As of the date of this report, the impact this may have on 2020 charitable giving and private grants awarded to the Organization cannot be estimated. Management and the Board of Directors do not anticipate that the financial impact of these events will result in any negative impact on the long-term viability of the Organization.