

Restavek Freedom Foundation

Financial Statements

Year Ended December 31, 2020

Table of Contents

Independent Auditor's Report-----1-2

Financial Statements:

Statement of Financial Position-----3

Statement of Activities-----4

Statement of Functional Expenses-----5

Statement of Cash Flows-----6

Notes to Financial Statements-----7-13

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, 2020, 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, 2020, 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

June 7, 2021

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$1,412,332
Cash and Cash Equivalents - Board Designated	600,000
Investments	1,368,813
Other Receivables	<u>34,290</u>

Total Current Assets 3,415,435

Fixed Assets:

Land and Buildings	1,732,483
Vehicles	303,275
Office Equipment	36,908
Other Equipment	<u>4,000</u>

2,076,666

Less Accumulated Depreciation (504,887)

Fixed Assets, Net 1,571,779

Total Assets \$4,987,214

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$ --
Accrued Payroll	<u>5,924</u>

Total Current Liabilities 5,924

Net Assets:

Net Assets without Donor Restrictions	4,723,537
Net Assets with Donor Restrictions	<u>257,753</u>

Total Net Assets 4,981,290

Total Liabilities and Net Assets \$4,987,214

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, Gains & Other Support:</u>			
Contributions	\$2,330,738	\$ 475,920	\$2,806,658
Other Income (Expense)	6,678	--	6,678
Dividend & Interest Income, net	19,001	--	19,001
Loss on Investments	(31,026)	--	(31,026)
Net Assets Released from Restrictions	<u>523,693</u>	<u>(523,693)</u>	<u>--</u>
 Total Revenues, Gains & Other Support	 2,849,084	 (47,773)	 2,801,311
<u>Expenses:</u>			
<u>Program Services:</u>			
Child Advocacy	947,336	--	947,336
Leadership Development	62,311	--	62,311
Awareness	49,040	--	49,040
Rural Community Programs	297,876	--	297,876
Bridge Scholarship Program	95,094	--	95,094
Pwoteje	429,444	--	429,444
Other Program Development	343,979	--	343,979
 <u>Supporting Services:</u>			
Management & General	180,038	--	180,038
Fundraising	<u>124,212</u>	<u>--</u>	<u>124,212</u>
 Total Expenses	 <u>2,529,330</u>	 <u>--</u>	 <u>2,529,330</u>
 Change in Net Assets	 319,754	 (47,773)	 271,981
Net Assets, Beginning of Year	<u>4,403,783</u>	<u>305,526</u>	<u>4,709,309</u>
 Net Assets, End of Year	 <u>\$4,723,537</u>	 <u>\$ 257,753</u>	 <u>\$4,981,290</u>

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Child Advocacy	Leadership Development	Awareness	Rural Community Program	Pwoteje	Bridge Scholarship Program	Other Program Development	Total Program	Management & General	Fundraising	Total
Tuition & Education	\$593,475	\$ (1,122)	\$ --	\$ 8,054	\$ 234	\$ 52,524	\$ 34,390	\$ 687,555	\$ --	\$ --	\$ 687,555
Travel:											
Transportation to/from and in Haiti	24,077	1,204	--	4,968	30,253	1,210	6,924	68,637	1,137	822	70,596
Lodging/Housing	--	--	--	(550)	3,830	9,988	286	13,553	--	--	13,553
Miscellaneous	3,813	1,469	--	44,916	4,964	1,195	(1,589)	54,767	4,585	174	59,526
Construction & Labor	14,010	9,873	--	32,421	21,732	1,250	53,842	133,129	800	--	133,929
Food & Beverage											
Distribution	29,470	--	--	5,908	6,457	614	20,835	63,285	358	--	63,642
Staffing Costs	174,391	29,424	25,222	112,182	262,348	12,364	92,509	708,439	96,256	88,869	893,565
Supplies	39,006	3,150	750	43,434	53,172	4,397	18,135	162,044	11,030	24,935	198,010
Occupancy Costs	22,660	11,400	--	--	24,049	1,972	21,240	81,321	--	--	81,321
Utilities	11,602	1,558	569	8,653	10,086	6,992	3,345	42,805	1,078	1,292	45,174
Contract Services	--	--	--	--	--	--	1,790	1,790	--	--	1,790
Funding Other Organizations	--	--	--	--	--	--	48,500	48,500	--	--	48,500
Depreciation	5,328	5,328	--	--	1,379	--	38,726	50,762	5,981	--	56,743
Organizational Expenses	27	27	--	274	2,339	--	53	2,720	4,705	--	7,424
Website	--	--	22,500	--	--	--	--	22,500	22,641	--	45,141
Special Events	--	--	--	--	--	1,700	--	1,700	--	--	1,700
Processing Fees	--	--	--	--	--	79	--	79	3,437	8,120	11,636
Professional Fees	29,476	--	--	37,615	8,600	810	4,994	81,496	28,029	--	109,525
Total Expense	\$947,336	\$ 62,311	\$ 49,040	\$297,876	\$429,444	\$ 95,094	\$343,979	\$2,225,080	\$180,038	\$124,212	\$2,529,330

Due to rounding, numbers presented in this statement may not add up precisely to the totals provided.

See Independent Auditor's Report and Accompanying Notes.

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flow from Operating Activities:

Increase in Net Assets	\$ 271,981
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	56,743
Realized & Unrealized Loss on Investments, net	12,032
Contributions of Securities	(3,434)
Change in Operating Assets:	
Other Receivables	3,763
Change in Operating Liabilities:	
Accounts Payable	(140,071)
Accrued Payroll	<u>3,250</u>
Net Cash Provided by Operating Activities	204,264

Cash Flow from Investing Activities:

Purchase of Fixed Assets	(27,550)
Sale of Investments	<u> --</u>
Net Cash Used in Investing Activities	<u>(27,550)</u>

Increase in Cash	176,714
Cash and Cash Equivalents at Beginning of Year	<u>1,835,618</u>
Cash and Cash Equivalents at End of Year	<u><u>\$2,012,332</u></u>

Supplemental Disclosures:

Cash Paid for Interest Expense	\$ <u> --</u>
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, 2020

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 2020, the Organization was supported through donor contributions. The officers of the Organization contributed approximately 8% of the Organization's support in 2020. The Organization is a 501(c)(3) non-profit corporation.

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.

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.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2020

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

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.

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, 2020.

Contributed Services

During the year ended December 31, 2020, 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.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2020

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

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.

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.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2020

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

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 2019 the organization 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.

During 2020, the Organization received \$475,920 in contributions with donor restrictions and spent \$523,693 in donor restricted funds, leaving \$257,753 remaining in net assets with donor restrictions as of December 31, 2020.

During 2020, the Board designated \$400,000 for capital projects and \$200,000 for the Brigade for the Protection of Minors Program for future expense.

NOTE C - INVESTMENTS

At December 31, 2020, the fair value of investments consisted of the following:

Common Stock	
Consumer Products	\$ 929
Information Technology	9,602
Mutual Funds	
Non-Directional	12,621
Fixed Income Equities	427,410
Uninvested Cash	<u>918,251</u>
Total	<u>\$1,368,813</u>

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2020

NOTE C - INVESTMENTS (CONTINUED)

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:

- 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 \$1,368,813 as of December 31, 2020, 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.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2020

NOTE C - INVESTMENTS (CONCLUDED)

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, 2020.

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, 2020.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONCLUDED)
DECEMBER 31, 2020

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 2020 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 2020 at which time annual rent of \$45,600 was paid. In January 2021, 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 2020 at which time annual rent of \$8,400 was paid. Therefore, no future minimum lease payments exist as of December 31, 2020.

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 2020.

NOTE I - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 7, 2021, which is the date that the financial statements were available to be issued.