

Restavek Freedom Foundation

Financial Statements

Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Restavek Freedom Foundation

Opinion

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Restavek Freedom Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Restavek Freedom Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

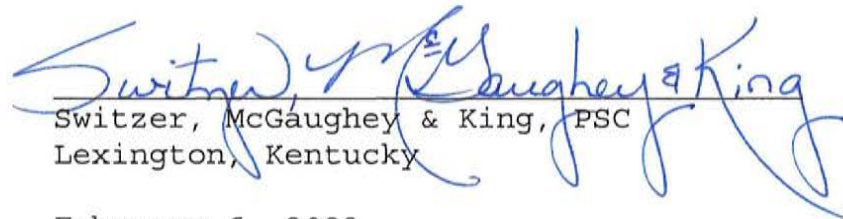
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Restavek Freedom Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Restavek Freedom Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


Switzer, McGaughey & King, PSC
Lexington, Kentucky

February 6, 2023

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 208,770
Cash and Cash Equivalents - Board Designated	750,000
Investments	922,534
Other Receivables (net of allowance of \$16,782)	<u>58,800</u>

Total Current Assets 1,940,104

Fixed Assets:

Land and Buildings	3,582,162
Vehicles	408,804
Office Equipment	49,906
Other Equipment	<u>52,262</u>
	4,093,134
Less Accumulated Depreciation	<u>(495,516)</u>
Fixed Assets, Net	3,597,618

Total Assets \$5,537,722

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$ 20,562
Accrued Payroll	<u>16,174</u>

Total Current Liabilities 36,736

Net Assets:

Net Assets without Donor Restrictions	5,344,390
Net Assets with Donor Restrictions	<u>156,596</u>

Total Net Assets 5,500,986

Total Liabilities and Net Assets \$5,537,722

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, Gains & Other Support:</u>			
Contributions of Cash and Other Financial Assets	\$2,939,530	\$ 477,427	\$3,416,957
Other Income	24,389	--	24,389
Dividend & Interest Income, net	9,343	--	9,343
Gain on Investments	7,122	--	7,122
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>578,584</u>	<u>(578,584)</u>	<u>--</u>
 Total Revenues, Gains & Other Support	 3,558,968	 (101,157)	 3,457,811
 <u>Expenses:</u>			
Program Services:			
Child Advocacy	849,511	--	849,511
Awareness	120,422	--	120,422
Rural Community Programs	145,874	--	145,874
Bridge Scholarship Program	165,243	--	165,243
Pwoteje	470,305	--	470,305
Other Program Development	758,108	--	758,108
Supporting Services:			
Management & General	279,372	--	279,372
Fundraising	<u>149,280</u>	<u>--</u>	<u>149,280</u>
 Total Expenses	 <u>2,938,115</u>	 <u>--</u>	 <u>2,938,115</u>
 Change in Net Assets	 620,853	 (101,157)	 519,696
Net Assets, Beginning of Year	<u>4,723,537</u>	<u>257,753</u>	<u>4,981,290</u>
 Net Assets, End of Year	 <u>\$5,344,390</u>	 <u>\$ 156,596</u>	 <u>\$5,500,986</u>

See Independent Auditor's Report and Accompanying Notes

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Child Advocacy	Awareness	Rural Community Program	Pwoteje	Scholarship Program	Other Program Development	Total Program	Management & General	Fundraising	Total
Tuition & Education	\$574,556	\$ --	\$ 6,725	\$ 9,909	\$ 64,891	\$ 76,267	\$ 732,348	\$ --	\$ --	\$ 732,348
Travel:										
Transportation to/from and in Haiti	23,298	3,355	--	23,701	7,226	16,701	74,281	3,105	87	77,473
Lodging/Housing	2,467	8	--	13,312	760	2,763	19,310	830	8	20,148
Miscellaneous	--	--	--	--	--	--	--	--	--	--
Construction & Labor	583	--	64,253	525	5,543	59,250	130,154	3,479	--	133,633
Food & Beverage										
Distribution	14,062	611	4,635	8,844	423	29,500	58,075	1,251	306	59,632
Staffing Costs	147,345	54,427	18,569	348,836	17,233	207,032	793,442	59,588	125,428	978,458
Supplies	3,515	1,620	6,978	2,533	711	30,862	46,219	2,269	1,832	50,320
Occupancy Costs	19,419	--	13,295	30,900	7,700	65,432	136,746	9,464	--	146,210
Utilities	7,069	1,739	346	9,430	4,641	14,162	37,387	6,822	2,593	46,802
Office, Meeting & Other Funding Other Organizations	4,637	266	5,327	8,315	13	4,846	23,404	12,514	2,943	38,861
Depreciation	--	--	--	--	--	11,688	11,688	--	--	11,688
Organizational Expenses	15,091	--	25,746	4,679	--	45,411	50,090	2,539	--	52,629
Website	--	26,000	--	1,228	55,830	171,077	268,972	54,114	--	323,086
Marketing	750	--	--	850	--	--	26,000	20,060	--	46,060
Processing Fees	--	6,748	--	300	--	--	1,600	203	7,100	8,903
Professional Fees	35,233	580	--	5,578	272	150	7,198	6,919	6,274	20,391
Software	197	1,239	--	56	--	917	55,724	56,198	829	112,751
Bad Debt	--	--	--	--	--	--	2,409	20,054	1,387	23,850
Postage & Printing	1,289	23,829	--	--	--	--	---	16,782	--	16,782
				1,309	--	7,989	34,416	3,181	493	38,090
Total Expense	\$849,511	\$120,422	\$145,874	\$470,305	\$165,243	\$758,108	\$2,509,463	\$279,372	\$149,280	\$2,938,115

See Independent Auditor's Report and Accompanying Notes.

RESTAVEK FREEDOM FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flow from Operating Activities:

Increase in Net Assets	\$ 519,696
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	52,629
Realized & Unrealized Gain on Investments, net	(15,421)
Contributions of Securities	(38,298)
Change in Operating Assets:	
Other Receivables	(24,510)
Change in Operating Liabilities:	
Accounts Payable	20,562
Accrued Payroll	<u>10,250</u>
Net Cash Provided by Operating Activities	524,908

Cash Flow from Investing Activities:

Purchase of Fixed Assets	(2,078,470)
Sale of Investments	<u>500,000</u>
Net Cash Used in Investing Activities	<u>(1,578,470)</u>
Decrease in Cash	(1,053,562)
Cash and Cash Equivalents at Beginning of Year	<u>2,012,332</u>
Cash and Cash Equivalents at End of Year	<u>\$ 958,770</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, 2021

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 2021, the Organization was supported through donor contributions. The officers of the Organization contributed approximately 6% of the Organization's support in 2021. 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, 2021

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, 2021.

Contributed Services

During the year ended December 31, 2021, 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, 2021

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 2021 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.

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)
ECEMBER 31, 2021

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 2021, the Organization received \$477,427 in contributions with donor restrictions and spent \$578,584 in donor restricted funds, leaving \$156,596 remaining in net assets with donor restrictions as of December 31, 2021.

During 2020, the Board designated \$400,000 for capital projects and \$200,000 for the Brigade for the Protection of Minors Program for future expenses. These funds were used for the designated purposes in 2021.

During 2021, the Board designated \$750,000 for future capital projects.

NOTE C - INVESTMENTS

At December 31, 2021, the fair value of investments consisted of the following:

Common Stock	
Entertainment	\$ 7,125
Industrial	9,282
Information Technology	14,074
Financial Services	16,790
Healthcare	22,095
Consumer Products	30,960
Exchange Traded Funds	585
Mutual Funds	
Non-Directional	12,570
Fixed Income Bonds	282,375
Uninvested Cash	<u>526,678</u>
Total	<u>\$ 922,534</u>

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2021

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 \$925,534 as of December 31, 2021, 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, 2021

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, 2021.

NOTE D - LIQUIDITY

Liquidity and Availability of Assets

The Organization's assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 208,770
Investments	922,534
Other Receivables	<u>58,800</u>
	<u>\$1,190,104</u>

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.

NOTE E - OTHER RECEIVABLES

The Organization routinely makes payroll advances to employees in Haiti for immediate financial needs such as medical emergencies, natural disasters and other personal needs. These loans are generally repaid through payroll deductions or other defined repayment terms. Advances are made at the discretion of the board president. As of December 31, 2021 the balance of employee advances receivable was \$62,281 less an allowance for doubtful accounts of \$16,782. Amounts are included in the allowance based on specific identification of employees that are no longer employed and therefore no method for collection is available.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2021

NOTE E - OTHER RECEIVABLES (Concluded)

Also included in Other Receivables are \$13,301 of expenses paid on behalf of a related non-profit organization.

NOTE F - 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 G - 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 H - 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, 2021.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
DECEMBER 31, 2021

NOTE H - CONCENTRATIONS (Concluded)

Concentration of Credit Risk (Concluded)

Included in the Organization's Statement of Financial Position at December 31, 2021 are the net assets of the Organization's operating facilities in Haiti which total approximately \$3.6 million.

NOTE I - 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 2021 at which time annual rent of \$45,600 was paid. In January 2022, 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, 2021.

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.

Total rent expense for 2021 was \$148,737 and is included in occupancy costs on the Statement of Functional Expenses.

NOTE J - 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 2021.

NOTE K - FOREIGN CURRENCY TRANSACTIONS

The Organization's operations in Haiti often require transactions to be converted from U.S. dollars to Haitian Gourde and vice versa.

RESTAVEK FREEDOM FOUNDATION
NOTES TO THE FINANCIAL STATEMENT (CONCLUDED)
DECEMBER 31, 2021

NOTE K - FOREIGN CURRENCY TRANSACTIONS (Concluded)

During 2021, the Organization recognized a gain on currency translation of \$23,413 which is included in Other Income on the Statement of Activities.

It is typical for currency transactions to fluctuate daily, however due to political and economic conditions in Haiti, the average exchange rate has increased from 100 Haitian Gourde to 1 U.S. Dollar at 12/31/21 to 150 Haitian Gourde to 1 U.S. Dollar as of February 6, 2023.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 6, 2023, which is the date that the financial statements were available to be issued.