

FINANCIAL STATEMENTS

HAITI PARTNERS, INC.

June 30, 2018 and 2017

(See Independent Accountant's Review Report)



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October 15, 2018

Board of Directors
Haiti Partners, Inc.
Vero Beach, Florida

Independent Accountant's Review Report

We have reviewed the accompanying financial statements of Haiti Partners, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2017 Financial Statements

The 2017 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated October 3, 2017. We have not performed any auditing procedures since that date.

Hill, Barth & King LLC

Certified Public Accountants

STATEMENTS OF FINANCIAL POSITION

HAITI PARTNERS, INC.

June 30, 2018 and 2017
(See Independent Accountant's Review Report)

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 177,815	\$ 221,060
<u>PROPERTY AND EQUIPMENT, NET - NOTE C</u>	<u>1,031,903</u>	<u>1,073,159</u>
TOTAL ASSETS	<u>\$ 1,209,718</u>	<u>\$ 1,294,219</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 582	\$ 11,457
Deferred grant revenue	<u>15,000</u>	<u>0</u>
TOTAL CURRENT LIABILITIES	<u>15,582</u>	<u>11,457</u>
 <u>NET ASSETS</u>		
Unrestricted	<u>1,194,136</u>	<u>1,249,095</u>
Temporarily restricted - NOTE E	<u>0</u>	<u>33,667</u>
TOTAL NET ASSETS	<u>1,194,136</u>	<u>1,282,762</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,209,718</u>	<u>\$ 1,294,219</u>

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES

HAITI PARTNERS, INC.

Year ended June 30, 2018
(with comparative totals for 2017)
(See Independent Accountant's Review Report)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	
<u>PUBLIC SUPPORT AND REVENUE</u>				
Contributions and private grants	\$ 301,524	\$ 592,649	\$ 894,173	\$ 1,096,573
In-kind contributions - NOTE D	104,091	0	104,091	124,289
Fundraising events, net of \$28,237 and \$17,790 of expenses in 2018 and 2017, respectively	56,164	0	56,164	80,898
Investment income	158	0	158	15
Other income	1,369	0	1,369	4,212
Net assets released from donor restrictions	626,316	(626,316)	0	0
TOTAL PUBLIC SUPPORT AND REVENUE	1,089,622	(33,667)	1,055,955	1,305,987
<u>EXPENSES</u>				
Program services:				
Schools	653,351	0	653,351	761,257
Churches	385,313	0	385,313	322,967
TOTAL PROGRAM SERVICES	1,038,664	0	1,038,664	1,084,224
Supporting services:				
Fundraising	44,772	0	44,772	58,910
Management and general	61,145	0	61,145	80,108
TOTAL SUPPORTING SERVICES	105,917	0	105,917	139,018
TOTAL EXPENSES	1,144,581	0	1,144,581	1,223,242
CHANGES IN NET ASSETS	(54,959)	(33,667)	(88,626)	82,745
<u>NET ASSETS</u>				
Beginning of year	1,249,095	33,667	1,282,762	1,200,017
End of year	\$ 1,194,136	\$ 0	\$ 1,194,136	\$ 1,282,762

See accompanying notes to financial statements

STATEMENTS OF FUNCTIONAL EXPENSES

HAITI PARTNERS, INC.

Year ended June 30, 2018
(See Independent Accountant's Review Report)

	PROGRAM SERVICES			SUPPORTING SERVICES			Total
	Schools	Churches	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Grants	\$ 84,760	\$ 194,425	\$ 279,185	\$ 0	\$ 0	\$ 0	\$ 279,185
Wages and benefits	205,345	48,151	253,496	21,887	32,830	54,717	308,213
Program costs	62,168	5,232	67,400	0	0	0	67,400
Contract and consulting	0	67,100	67,100	0	0	0	67,100
Travel	80,935	12,205	93,140	4,783	7,174	11,957	105,097
Supplies	16,446	4,338	20,784	2,169	3,687	5,856	26,640
Occupancy costs	33,903	4,400	38,303	2,200	3,520	5,720	44,023
Promotional and educational materials	4,576	25,878	30,454	836	956	1,792	32,246
Communications	13,635	4,958	18,593	2,479	3,719	6,198	24,791
Professional fees	91,397	9,493	100,890	3,028	3,525	6,553	107,443
Bank fees	4,696	1,772	6,468	886	1,506	2,392	8,860
Fundraising expenses	0	0	0	28,237	0	28,237	28,237
Depreciation	41,256	0	41,256	0	0	0	41,256
Insurance	2,178	822	3,000	411	699	1,110	4,110
Newsletters and mailings	1,821	1,821	3,642	4,553	911	5,464	9,106
Miscellaneous expenses	10,235	4,718	14,953	1,540	2,618	4,158	19,111
	<u>653,351</u>	<u>385,313</u>	<u>1,038,664</u>	<u>73,009</u>	<u>61,145</u>	<u>134,154</u>	<u>1,172,818</u>
Less special event expenses	0	0	0	(28,237)	0	(28,237)	(28,237)
TOTAL	<u><u>\$ 653,351</u></u>	<u><u>\$ 385,313</u></u>	<u><u>\$ 1,038,664</u></u>	<u><u>\$ 44,772</u></u>	<u><u>\$ 61,145</u></u>	<u><u>\$ 105,917</u></u>	<u><u>\$ 1,144,581</u></u>

See accompanying notes to financial statements

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

HAITI PARTNERS, INC.

Year ended June 30, 2017
(See Independent Accountant's Review Report)

	PROGRAM SERVICES			SUPPORTING SERVICES			
	Schools	Churches	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Grants	\$ 135,203	\$ 169,473	\$ 304,676	\$ 0	\$ 0	\$ 0	\$ 304,676
Wages and benefits	255,404	61,880	317,284	28,127	42,194	70,321	387,605
Program costs	75,569	8,678	84,247	0	0	0	84,247
Contract and consulting	7,650	7,650	15,300	0	0	0	15,300
Travel	80,367	17,549	97,916	4,824	7,236	12,060	109,976
Supplies	10,202	3,850	14,052	1,925	3,272	5,197	19,249
Occupancy costs	32,162	5,473	37,635	2,589	5,355	7,944	45,579
Promotional and educational materials	8,156	11,583	19,739	661	638	1,299	21,038
Communications	15,188	5,523	20,711	2,761	4,142	6,903	27,614
Professional fees	80,569	20,290	100,859	12,201	12,690	24,891	125,750
Bank fees	8,083	3,355	11,438	1,525	2,288	3,813	15,251
Fundraising expenses	0	0	0	17,970	0	17,970	17,970
Depreciation	39,730	4,414	44,144	0	0	0	44,144
Insurance	2,421	914	3,335	457	777	1,234	4,569
Newsletters and mailings	1,336	1,336	2,672	3,339	668	4,007	6,679
Miscellaneous expenses	9,217	999	10,216	501	848	1,349	11,565
	<u>761,257</u>	<u>322,967</u>	<u>1,084,224</u>	<u>76,880</u>	<u>80,108</u>	<u>156,988</u>	<u>1,241,212</u>
Less special event expenses	0	0	0	(17,970)	0	(17,970)	(17,970)
TOTAL	<u><u>\$ 761,257</u></u>	<u><u>\$ 322,967</u></u>	<u><u>\$ 1,084,224</u></u>	<u><u>\$ 58,910</u></u>	<u><u>\$ 80,108</u></u>	<u><u>\$ 139,018</u></u>	<u><u>\$ 1,223,242</u></u>

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

HAITI PARTNERS, INC.

Years ended June 30, 2018 and 2017
(See Independent Accountant's Review Report)

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from public support and revenue	\$ 1,070,797	\$ 1,297,972
Cash paid to suppliers and employees	(1,114,200)	(1,184,154)
Investment income	158	15
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(43,245)</u>	<u>113,833</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(43,245)	113,833
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	221,060	107,227
End of year	<u>\$ 177,815</u>	<u>\$ 221,060</u>
<u>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>		
Changes in net assets	\$ (88,626)	\$ 82,745
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	41,256	44,144
Loss on disposal of assets	0	1,290
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(10,875)	(6,346)
Deferred revenue	15,000	(8,000)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (43,245)</u>	<u>\$ 113,833</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

HAITI PARTNERS, INC.

June 30, 2018 and 2017
(See Independent Accountant's Review Report)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Haiti Partners, Inc. (the Organization), is a not-for-profit corporation which was organized under Internal Revenue Code 501(c)(3) in the State of Florida on October 9, 2008, and began operating on July 1, 2010. The Organization is funded through donations, grants, and fundraising events.

The Organization adheres to the following mission, vision and values:

Mission – Helping Haitians change Haiti through education.

Vision – Haiti becomes a story of transformation. Haiti Partners and the Children's Academy and Learning Center model influences the future of learning and collaboration in Haiti and beyond.

Values –

Compassion – Trust in the transformative power of compassion.

Learning – Learn, improve and share with humility and gratitude.

Accountability – Be responsible to everyone connected with this work.

Partnership – Partnership makes us more effective, productive, and joyful.

Respect – Respect the dignity, voice and potential of each person.

The Organization expresses its vision, mission and values through 2 programs. These programs offer an integrated approach where success in one supports and enhances success in the others. More information on these programs can be found on its website, www.haitipartners.org.

Quality Schools – Develop schools that help children realize their potential while driving community development and lifelong learning.

Holistic Churches – Mobilize churches to help people engage for justice and deepen in faith.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC.

June 30, 2018 and 2017
(See Independent Accountant's Review Report)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation:

The Organization reports 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. The classification depends on the restrictions placed on it by the donor. If the Organization receives donations with restrictions and expends the donation in the same fiscal year, these donations are recorded as unrestricted.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Organization considers highly liquid debt instruments purchased with original maturity dates of three months or less to be cash equivalents.

Property and Equipment:

The Organization capitalizes all long-lived assets with an estimated useful life of three years or more and original cost of \$2,500 or more. Property and equipment are stated at cost or, if donated, at the approximate fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives ranging from three to thirty-nine years. Management annually reviews these assets to determine whether carrying values have been impaired. Expenditures for maintenance and repairs are charged to expense as incurred. The estimated useful lives used to compute depreciation are:

Buildings	39 years
Vehicles	5 years
Computers and equipment	3 to 5 years
Furniture and office equipment	5 years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC.

June 30, 2018 and 2017

(See Independent Accountant's Review Report)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition:

Contributions

Contributions received are measured at their fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give cash over a period of time exceeding one year are recorded at the present value of their estimated future cash flows using a discount rate appropriate for the level of risk involved. Any related interest income is recorded as contribution revenue in the year received.

Grants and Contract Revenue

Grants and contract revenue is recognized when the allowable costs as defined by the individual grants and contracts are incurred. Contracts receivable at year end represents costs incurred or services performed, which have not yet been reimbursed by the granting agency.

Donated Materials and Services:

Donated materials and equipment are reflected as contributions at their estimated values at date of receipt. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Expense Allocation:

The costs of various programs have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, costs have been allocated among the program and support services based upon function of activity and a percentage of time spent by employees.

Income Taxes:

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC.

June 30, 2018 and 2017
(See Independent Accountant's Review Report)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events:

Management evaluated all activity of the Organization through October 15, 2018, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

NOTE B - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances with one financial institution in Vero Beach, Florida. These balances are insured by the Federal Deposit Insurance Corporation subject to various limits and conditions and during the year balances may fluctuate above and below the limits. Uninsured balances at June 30, 2018 and 2017 were \$18,503 and \$18,782, respectively.

The Organization received grants and contributions from one entity totaling \$225,000 in 2017, which comprises approximately 19% of net revenue. No concentration risk was noted during 2018. As of June 30, 2018 and 2017, the Organization had no accounts receivable from this entity.

NOTE C - PROPERTY AND EQUIPMENT

Following is a summary of property and equipment as of June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 81,703	\$ 81,703
Building and improvements	1,012,273	1,012,273
Furniture and office equipment	11,536	11,536
Vehicles	74,000	74,000
Computers and equipment	19,045	25,626
Construction in progress	<u>38,135</u>	<u>38,135</u>
	1,236,692	1,243,273
Less accumulated depreciation	<u>204,789</u>	<u>170,114</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 1,031,903</u>	<u>\$ 1,073,159</u>

Depreciation expense for the years ended June 30, 2018 and 2017 amounted to \$41,256 and \$44,144, respectively.

The Children's Academy and Learning Center Complex concluded its first phase during a previous fiscal year, with the completion of the first school building and the first and second floors of the learning complex. Based on current projections, the Organization is anticipating that construction will be completed in phases over a 10-year period with a total expected cost of approximately \$7,800,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC.

June 30, 2018 and 2017
(See Independent Accountant's Review Report)

NOTE C - PROPERTY AND EQUIPMENT (CONTINUED)

The Organization anticipates that financing for the project will come from fundraising/capital campaigns, partnerships with US-based churches, companies, foundations and major donors (individuals) plus grants from international organizations and companies based in Haiti.

NOTE D - IN-KIND CONTRIBUTIONS

The Organization received contributions of services and supplies for which the donor received no value. The contributions of services have been recorded as revenue at their fair value. Below are the services and supplies received for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Architect services	\$ 18,000	\$ 5,550
Legal services	7,551	47,845
Rent	23,540	25,894
Website and logo design	55,000	45,000
	<u>\$ 104,091</u>	<u>\$ 124,289</u>

Contributed rent, architectural, legal services and website and logo design have been expensed in the statements of activities.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30:

	<u>2018</u>	<u>2017</u>
Micah Scholars Program	<u>\$ 0</u>	<u>\$ 33,667</u>

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Children's Academy	\$ 293,661	\$ 142,138
Micah Scholars Program	216,525	240,185
Schools Program	111,180	407,544
	<u>\$ 621,316</u>	<u>\$ 789,867</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC.

June 30, 2018 and 2017

(See Independent Accountant's Review Report)

NOTE F - RELATED PARTY TRANSACTIONS

The Organization reimburses one of the co-directors and his family for the cost of lodging and meals incurred for partners staying in his home in Haiti. This arrangement was approved in advance by the Board of Directors for the purposes of providing safe and cost-effective travel for the hundreds of people visiting the Organization's work each year. He and his family are also reimbursed for the cost of providing meals each day to construction workers at the Children's Academy as a portion of their compensation. Reimbursements for the years ended June 30, 2018 and 2017 were \$32,383 and \$56,235, respectively.

NOTE G - EXIT ACTIVITIES

The Organization approved an exit strategy in January 2017 as it pertains to the Holistic Churches program as part of a decision to hone their focus on the Quality Schools program. The exit strategy implementation began in July 2017 and the total expected amount of unrestricted funds to be incurred is \$280,970 over three years. During fiscal year ended June 30, 2018, the Organization provided \$142,970 of unrestricted revenue toward total expenses of the Holistic Churches program. This was prior to the agreement to have Development Associates International (DAI) take the program over. DAI is a registered 501(c)(3) organization with experience in strengthening church leadership in dozens of developing countries. Effective July 1, 2018, DAI fully integrated what was Haiti Partners Holistic Churches program into DAI programming. Co-founder, Kent Annan, who had overseen the Holistic Churches program has moved on to a new organization and will have continued involvement as a senior consultant at DAI to ensure a smooth transition. The Organization is granting DAI \$7,000 monthly from July 2018 through June 2019 and \$4,500 monthly July 2019 through June 2020, from unrestricted revenue to support this transition. The grants made on behalf of the Holistic Churches program are reflected as Churches program expenses on the Statement of Activities during the fiscal year ended June 30, 2018. There are no liabilities related to this activity. All restricted net assets related to the program were spent during the fiscal year.