

FINANCIAL STATEMENTS

**HAITI PARTNERS, INC.**

June 30, 2019 (Audited) and 2018 (Reviewed)



C O N T E N T S

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October 17, 2019

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

### Independent Auditor's Report

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Haiti Partners, Inc. (the Organization), which comprise the statement of financial position as of June 30, 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 accounting policies used and the reasonableness of significant accounting 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 basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haiti Partners, Inc. as of June 30, 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.

## **Change in Accounting Principle**

As described in Note A to the financial statements, the Organization adopted Financial Accounting Standards Board ASU No. 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to that matter.

## **Prior Period Financial Statements**

The 2018 financial statements were reviewed by us and our report thereon, dated October 15, 2018, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

*Hill, Barth & King LLC*

Certified Public Accountants

STATEMENTS OF FINANCIAL POSITION

**HAITI PARTNERS, INC.**

June 30, 2019 (Audited) and 2018 (Reviewed)

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 498,860	\$ 177,815
<u>PROPERTY AND EQUIPMENT, NET - NOTE C</u>	<u>1,011,445</u>	<u>1,031,903</u>
<u>DEPOSITS</u>	<u>13,000</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 1,523,305</u>	<u>\$ 1,209,718</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 8,430	\$ 582
Deferred grant revenue	<u>250,000</u>	<u>15,000</u>
TOTAL CURRENT LIABILITIES	<u>258,430</u>	<u>15,582</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	<u>1,264,875</u>	<u>1,194,136</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,523,305</u>	<u>\$ 1,209,718</u>

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES

**HAITI PARTNERS, INC.**

Year ended June 30, 2019 (Audited)

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
<b><u>PUBLIC SUPPORT AND REVENUE</u></b>			
Contributions and private grants	\$ 517,114	\$ 232,600	\$ 749,714
In-kind contributions - NOTE D	32,025	0	32,025
Fundraising events, net of \$43,626 of expenses in 2019	65,896	0	65,896
Other income	1,746	0	1,746
Net assets released from donor restrictions	232,600	(232,600)	0
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>849,381</b>	<b>0</b>	<b>849,381</b>
<b><u>EXPENSES</u></b>			
Program services:			
Schools	584,928	0	584,928
Churches	93,168	0	93,168
<b>TOTAL PROGRAM SERVICES</b>	<b>678,096</b>	<b>0</b>	<b>678,096</b>
Supporting services:			
Fundraising	39,546	0	39,546
Management and general	61,037	0	61,037
<b>TOTAL SUPPORTING SERVICES</b>	<b>100,583</b>	<b>0</b>	<b>100,583</b>
<b>TOTAL EXPENSES</b>	<b>778,679</b>	<b>0</b>	<b>778,679</b>
<b><u>INVESTMENT RETURN, NET</u></b>	<b>37</b>	<b>0</b>	<b>37</b>
<b>TOTAL NONOPERATING ACTIVITIES</b>	<b>37</b>	<b>0</b>	<b>37</b>
<b>CHANGES IN NET ASSETS</b>	<b>70,739</b>	<b>0</b>	<b>70,739</b>
<b><u>NET ASSETS</u></b>			
Beginning of year	1,194,136	0	1,194,136
End of year	<u>\$ 1,264,875</u>	<u>\$ 0</u>	<u>\$ 1,264,875</u>

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES (CONTINUED)

**HAITI PARTNERS, INC.**

Year ended June 30, 2018 (Reviewed)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>PUBLIC SUPPORT AND REVENUE</u>			
Contributions and private grants	\$ 301,524	\$ 592,649	\$ 894,173
In-kind contributions - NOTE D	104,091	0	104,091
Fundraising events, net of \$28,237 of expenses in 2018	56,164	0	56,164
Other income	1,369	0	1,369
Net assets released from donor restrictions	626,316	(626,316)	0
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>1,089,464</u>	<u>(33,667)</u>	<u>1,055,797</u>
<u>EXPENSES</u>			
Program services:			
Schools	653,351	0	653,351
Churches	385,313	0	385,313
<b>TOTAL PROGRAM SERVICES</b>	<u>1,038,664</u>	<u>0</u>	<u>1,038,664</u>
Supporting services:			
Fundraising	44,772	0	44,772
Management and general	61,145	0	61,145
<b>TOTAL SUPPORTING SERVICES</b>	<u>105,917</u>	<u>0</u>	<u>105,917</u>
<b>TOTAL EXPENSES</b>	<u>1,144,581</u>	<u>0</u>	<u>1,144,581</u>
<u>INVESTMENT RETURN, NET</u>	<u>158</u>	<u>0</u>	<u>158</u>
<b>TOTAL NONOPERATING ACTIVITIES</b>	<u>158</u>	<u>0</u>	<u>158</u>
<b>CHANGES IN NET ASSETS</b>	<b>(54,959)</b>	<b>(33,667)</b>	<b>(88,626)</b>
<u>NET ASSETS</u>			
Beginning of year	1,249,095	33,667	1,282,762
End of year	<u>\$ 1,194,136</u>	<u>\$ 0</u>	<u>\$ 1,194,136</u>

See accompanying notes to financial statements

STATEMENTS OF FUNCTIONAL EXPENSES

**HAITI PARTNERS, INC.**

Year ended June 30, 2019 (Audited)

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			<u>Total</u>
	<u>Schools</u>	<u>Churches</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Supporting Services</u>	
Bank fees	\$ 4,063	\$ 0	\$ 4,063	\$ 580	\$ 1,161	\$ 1,741	\$ 5,804
Communications	17,600	0	17,600	5,029	2,514	7,543	25,143
Contract and consulting	605	0	605	86	173	259	864
Depreciation	38,678	0	38,678	0	0	0	38,678
Fundraising	0	0	0	43,626	0	43,626	43,626
Grants	69,820	93,168	162,988	0	0	0	162,988
Insurance	1,742	0	1,742	249	498	747	2,489
Miscellaneous	6,952	0	6,952	2,258	2,256	4,514	11,466
Newsletters and mailings	5,065	0	5,065	1,688	1,688	3,376	8,441
Occupancy costs	31,856	0	31,856	4,551	9,102	13,653	45,509
Professional fees	14,925	0	14,925	920	1,840	2,760	17,685
Program costs	103,973	0	103,973	221	0	221	104,194
Promotional and educational materials	3,718	0	3,718	1,240	1,240	2,480	6,198
Supplies	17,928	0	17,928	1,927	1,927	3,854	21,782
Travel	54,392	0	54,392	2,835	2,835	5,670	60,062
Wages and benefits	213,611	0	213,611	17,962	35,803	53,765	267,376
	<u>584,928</u>	<u>93,168</u>	<u>678,096</u>	<u>83,172</u>	<u>61,037</u>	<u>144,209</u>	<u>822,305</u>
Less special event expenses	0	0	0	(43,626)	0	(43,626)	(43,626)
<b>TOTAL</b>	<u><b>\$ 584,928</b></u>	<u><b>\$ 93,168</b></u>	<u><b>\$ 678,096</b></u>	<u><b>\$ 39,546</b></u>	<u><b>\$ 61,037</b></u>	<u><b>\$ 100,583</b></u>	<u><b>\$ 778,679</b></u>

See accompanying notes to financial statements



STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

**HAITI PARTNERS, INC.**

Year ended June 30, 2018 (Reviewed)

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

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

**HAITI PARTNERS, INC.**

Years ended June 30, 2019 (Audited) and 2018 (Reviewed)

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from public support and revenue	\$ 1,084,381	\$ 1,070,797
Cash paid to suppliers and employees	(745,153)	(1,114,200)
Investment income	37	158
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>339,265</u>	<u>(43,245)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash paid for purchase of property and equipment	(18,220)	0
NET CASH USED IN INVESTING ACTIVITIES	<u>(18,220)</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	321,045	(43,245)
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	177,815	221,060
End of year	<u>\$ 498,860</u>	<u>\$ 177,815</u>
<u>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>		
Changes in net assets	\$ 70,739	\$ (88,626)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	38,678	41,256
Increase in assets:		
Deposits	(13,000)	0
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	7,848	(10,875)
Deferred revenue	235,000	15,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 339,265</u>	<u>\$ (43,245)</u>

See accompanying notes to financial statements

## NOTES TO FINANCIAL STATEMENTS

### **HAITI PARTNERS, INC.**

June 30, 2019 (Audited) and 2018 (Reviewed)

#### **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](http://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.

##### **New Accounting Pronouncement:**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**HAITI PARTNERS, INC.**

June 30, 2019 (Audited) and 2018 (Reviewed)

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation:**

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**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, 2019 (Audited) and 2018 (Reviewed)

**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 public support and revenue with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 support with donor restrictions.

The Organization reports gifts of goods and equipment as without donor restrictions 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.

**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, 2019 (Audited) and 2018 (Reviewed)

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications:**

The financial statements for 2018 have been reclassified to conform with the presentation for 2019. Such reclassifications had no effect on changes in net assets.

**Subsequent Events:**

Management evaluated all activity of the Organization through October 17, 2019, 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 and Securities Investor Protection Corporation subject to various limits and conditions and during the year balances may fluctuate above and below the limits. Uninsured balances at June 30, 2019 and 2018 were \$14,750 and \$18,503, respectively.

**NOTE C - PROPERTY AND EQUIPMENT**

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

	<u>2019</u>	<u>2018</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	19,045
Construction in progress	<u>56,354</u>	<u>38,135</u>
	1,254,911	1,236,692
Less accumulated depreciation	<u>243,466</u>	<u>204,789</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 1,011,445</u>	<u>\$ 1,031,903</u>

Depreciation expense for the years ended June 30, 2019 and 2018 amounted to \$38,678 and \$41,256, 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, 2019 (Audited) and 2018 (Reviewed)

**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>2019</u>	<u>2018</u>
Architect services	\$ 8,485	\$ 18,000
Legal services	0	7,551
Rent	23,540	23,540
Website and logo design	0	55,000
	<u>\$ 32,025</u>	<u>\$ 104,091</u>

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

**NOTE E - NET ASSETS WITH DONOR RESTRICTIONS**

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>2019</u>	<u>2018</u>
Children's Academy	\$ 121,396	\$ 298,611
Micah Scholars Program	9,650	216,525
Partners	1,949	0
Schools Program	99,605	111,180
	<u>\$ 232,600</u>	<u>\$ 626,316</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**HAITI PARTNERS, INC.**

June 30, 2019 (Audited) and 2018 (Reviewed)

**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, 2019 and 2018 were \$31,297 and \$32,383, respectively.

**NOTE G - LEASES**

During 2019, the Organization began leasing office space and cooperative work space under non-cancelable operating leases. The leases require monthly payments of \$1,500 and \$6,595 and expire July 31, 2021 and June 6, 2020, respectively. Total rental expense for the year ended June 30, 2019 was \$30,135. The fiscal year minimum future rental payments under the lease are as follows:

2020	\$ 89,045
2021	<u>1,500</u>
TOTAL	<u>\$ 90,545</u>

**NOTE H - TRANSITION ACTIVITIES**

The Organization approved a transition 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 transition 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, 2019 and June 30, 2018, the Organization provided \$83,518 and \$142,970, respectively, 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 years ended June 30, 2019 and 2018. There are no liabilities related to this activity. All net assets with donor restrictions related to the program were spent during the fiscal year.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**HAITI PARTNERS, INC.**

June 30, 2019 (Audited) and 2018 (Reviewed)

**NOTE 1 - AVAILABILITY AND LIQUIDITY**

As of June 30, 2019, the Organization has working capital of \$240,430 and average days (based on normal expenditures) cash on hand of 220 days.

The following represents the Organization's financial assets at June 30, 2019:

FINANCIAL ASSETS AT YEAR END:

Cash and cash equivalents	<b><u>\$ 498,860</u></b>
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FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	<b><u>\$ 498,860</u></b>
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The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$203,000).