

COMBINED FINANCIAL STATEMENTS

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2021 and 2020



C O N T E N T S

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February 22, 2022

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

Independent Auditor's Report

We have audited the accompanying combined financial statements of Haiti Partners, Inc. (the Organization), which comprise the combined statements of financial position as of June 30, 2021 and 2020, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We conducted our audits 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Haiti Partners, Inc. and Affiliate as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hill, Barth & King LLC

Certified Public Accountants

COMBINED STATEMENTS OF FINANCIAL POSITION

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 266,531	\$ 294,686
<u>PROPERTY AND EQUIPMENT, NET - NOTE C</u>	1,282,532	1,188,527
<u>DEPOSITS</u>	0	13,000
TOTAL ASSETS	<u>\$ 1,549,063</u>	<u>\$ 1,496,213</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 8,072	\$ 6,539
Deferred grant revenue	7,712	25,000
TOTAL CURRENT LIABILITIES	<u>15,784</u>	<u>31,539</u>
<u>LONG-TERM DEBT - NOTE D</u>	0	39,740
<u>NET ASSETS</u>		
Without donor restriction	1,213,120	1,262,218
With donor restriction	320,159	162,716
TOTAL NET ASSETS	<u>1,533,279</u>	<u>1,424,934</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,549,063</u>	<u>\$ 1,496,213</u>

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF ACTIVITIES

HAITI PARTNERS, INC. AND AFFILIATE

Year ended June 30, 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>PUBLIC SUPPORT AND REVENUE</u>			
Contributions and private grants	\$ 448,456	\$ 174,043	\$ 622,499
In-kind contributions - NOTE E	111,563	0	111,563
Fundraising events, net of \$9,778 of expenses in 2021	107,435	0	107,435
Other income	85,865	0	85,865
Net assets released from donor restrictions	16,600	(16,600)	0
TOTAL PUBLIC SUPPORT AND REVENUE	769,919	157,443	927,362
<u>EXPENSES</u>			
Program services:			
Schools	642,027	0	642,027
Home gardening	54,283	0	54,283
TOTAL PROGRAM SERVICES	696,310	0	696,310
Supporting services:			
Fundraising	45,872	0	45,872
Management and general	76,842	0	76,842
TOTAL SUPPORTING SERVICES	122,714	0	122,714
TOTAL EXPENSES	819,024	0	819,024
<u>INVESTMENT RETURN, NET</u>	<u>7</u>	<u>0</u>	<u>7</u>
TOTAL NONOPERATING ACTIVITIES	7	0	7
CHANGES IN NET ASSETS	(49,098)	157,443	108,345
<u>NET ASSETS</u>			
Beginning of year	1,262,218	162,716	1,424,934
End of year	<u>\$ 1,213,120</u>	<u>\$ 320,159</u>	<u>\$ 1,533,279</u>

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF ACTIVITIES (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

Year ended June 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<u>PUBLIC SUPPORT AND REVENUE</u>			
Contributions and private grants	\$ 620,813	\$ 387,716	\$ 1,008,529
In-kind contributions - NOTE E	8,400	0	8,400
Fundraising events, net of \$59,832 of expenses in 2020	94,571	0	94,571
Other income	19,395	0	19,395
Net assets released from donor restrictions	225,000	(225,000)	0
TOTAL PUBLIC SUPPORT AND REVENUE	968,179	162,716	1,130,895
 <u>EXPENSES</u>			
Program services:			
Schools	762,606	0	762,606
Churches	54,300	0	54,300
TOTAL PROGRAM SERVICES	816,906	0	816,906
Supporting services:			
Fundraising	61,196	0	61,196
Management and general	94,306	0	94,306
TOTAL SUPPORTING SERVICES	155,502	0	155,502
TOTAL EXPENSES	972,408	0	972,408
 <u>INVESTMENT RETURN, NET</u>			
TOTAL NONOPERATING ACTIVITIES	1,572	0	1,572
 CHANGES IN NET ASSETS	 (2,657)	 162,716	 160,059
<u>NET ASSETS</u>			
Beginning of year	1,264,875	0	1,264,875
End of year	<u>\$ 1,262,218</u>	<u>\$ 162,716</u>	<u>\$ 1,424,934</u>

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

HAITI PARTNERS, INC. AND AFFILIATE

Year ended June 30, 2021

	PROGRAM SERVICES			SUPPORTING SERVICES			Total
	Schools	Home Gardening	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Bank fees	\$ 2,981	\$ 0	\$ 2,981	\$ 426	\$ 952	\$ 1,378	\$ 4,359
Communications	21,136	0	21,136	3,019	6,039	9,058	30,194
Contract and consulting	2,082	0	2,082	297	595	892	2,974
Depreciation	25,956	0	25,956	0	0	0	25,956
Fundraising	0	0	0	9,778	0	9,778	9,778
Grants	67,257	0	67,257	0	0	0	67,257
Insurance	608	0	608	87	174	261	869
Miscellaneous	32,802	0	32,802	7,858	7,858	15,716	48,518
Newsletters and mailings	5,878	0	5,878	1,959	1,959	3,918	9,796
Occupancy costs	18,358	0	18,358	2,623	5,245	7,868	26,226
Professional fees	22,236	0	22,236	2,455	4,910	7,365	29,601
Program costs	127,820	54,283	182,103	1,227	1,200	2,427	184,530
Promotional and educational materials	915	0	915	305	305	610	1,525
Supplies	15,601	0	15,601	2,946	2,946	5,892	21,493
Travel	16,329	0	16,329	594	594	1,188	17,517
Wages and benefits	282,068	0	282,068	22,076	44,065	66,141	348,209
	<u>642,027</u>	<u>54,283</u>	<u>696,310</u>	<u>55,650</u>	<u>76,842</u>	<u>132,492</u>	<u>828,802</u>
Less special event expenses	0	0	0	(9,778)	0	(9,778)	(9,778)
TOTAL	<u>\$ 642,027</u>	<u>\$ 54,283</u>	<u>\$ 696,310</u>	<u>\$ 45,872</u>	<u>\$ 76,842</u>	<u>\$ 122,714</u>	<u>\$ 819,024</u>

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

Year ended June 30, 2020

	PROGRAM SERVICES			SUPPORTING SERVICES			Total
	Schools	Churches	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Bank fees	\$ 3,580	\$ 0	\$ 3,580	\$ 512	\$ 1,116	\$ 1,628	\$ 5,208
Communications	18,343	0	18,343	5,241	2,620	7,861	26,204
Contract and consulting	4,570	0	4,570	653	1,306	1,959	6,529
Depreciation	27,082	0	27,082	0	0	0	27,082
Fundraising expenses	0	0	0	59,832	0	59,832	59,832
Grants	77,420	54,300	131,720	0	0	0	131,720
Insurance	1,357	0	1,357	194	388	582	1,939
Miscellaneous expenses	33,733	0	33,733	3,108	3,106	6,214	39,947
Newsletters and mailings	5,366	0	5,366	1,789	1,789	3,578	8,944
Occupancy costs	77,632	0	77,632	11,090	22,181	33,271	110,903
Professional fees	29,801	0	29,801	2,438	4,877	7,315	37,116
Program costs	147,426	0	147,426	4,767	2,156	6,923	154,349
Promotional and educational materials	6,905	0	6,905	2,302	2,302	4,604	11,509
Supplies	24,512	0	24,512	2,991	2,991	5,982	30,494
Travel	33,782	0	33,782	2,498	2,498	4,996	38,778
Wages and benefits	271,097	0	271,097	23,613	46,976	70,589	341,686
	<u>762,606</u>	<u>54,300</u>	<u>816,906</u>	<u>121,028</u>	<u>94,306</u>	<u>215,334</u>	<u>1,032,240</u>
Less special event expenses	0	0	0	(59,832)	0	(59,832)	(59,832)
TOTAL	<u>\$ 762,606</u>	<u>\$ 54,300</u>	<u>\$ 816,906</u>	<u>\$ 61,196</u>	<u>\$ 94,306</u>	<u>\$ 155,502</u>	<u>\$ 972,408</u>

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF CASH FLOWS

HAITI PARTNERS, INC. AND AFFILIATE

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from public support and revenue	\$ 870,334	\$ 905,895
Cash paid to suppliers and employees	(778,535)	(947,217)
Investment income	7	1,572
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>91,806</u>	<u>(39,750)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash paid for purchase of property and equipment	<u>(119,961)</u>	<u>(204,164)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(119,961)</u>	<u>(204,164)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Borrowings on long-term debt	<u>0</u>	<u>39,740</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>0</u>	<u>39,740</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(28,155)	(204,174)
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	<u>294,686</u>	498,860
End of year	<u>\$ 266,531</u>	<u>\$ 294,686</u>
<u>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>		
Changes in net assets	\$ 108,345	\$ 160,059
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	25,956	27,082
Paycheck Protection Program loan forgiveness	(39,740)	0
Decrease in assets:		
Deposits	13,000	0
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	1,533	(1,891)
Deferred grant revenue	(17,288)	(225,000)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 91,806</u>	<u>\$ (39,750)</u>

See accompanying notes to combined financial statements

NOTES TO COMBINED FINANCIAL STATEMENTS

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Haiti Partners, Inc., 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. Haiti Partners, Inc. is funded through donations, grants, and fundraising events.

Haiti Partners, Inc. 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.

Haiti Partners, Inc. expresses its vision, mission and values through two 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.

Home Gardening – Provide families with home gardening kits to grow their own food.

The combined financial statements include Les Partenaires d’Haiti, a non-profit organization in Haiti registered with the Ministry of Social Affairs and Labor with the Republic of Haiti. The purpose of Les Partenaires d’Haiti is to own the real estate in Haiti where the children’s school is located.

Haiti Partners, Inc. and Les Partenaires d’Haiti are collectively “The Organization.”

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation:

The combined 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.

Basis of Combination:

The accompanying combined financial statements include the accounts of Haiti Partners, Inc. and Les Partenaires d'Haiti, all of which are under common control. Intercompany transactions and balances have been eliminated in combination.

Use of Estimates:

The preparation of combined 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.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued):

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

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.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocation:

The costs of various programs have been summarized on a functional basis in the combined 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.

Subsequent Events:

Management evaluated all activity of the Organization through February 22, 2022, the date the combined financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the combined financial statements or notes.

NOTE B - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances with three financial institutions. One financial institution is insured by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation and is subject to various limits and conditions and during the year balances may fluctuate above and below the limits. Uninsured balances at June 30, 2021 and 2020 were \$18,814 and \$14,361, respectively.

During the year ended June 30, 2021, the Organization had no major customers comprising a significant portion of revenue. During the year ended June 30, 2020, the Organization had one major customer comprising revenue of approximately 16% of total revenue.

NOTE C - PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Land	\$ 81,703	\$ 81,703
Building and improvements	1,012,273	1,012,273
Furniture and equipment	11,536	11,536
Vehicles	74,000	74,000
Computers and equipment	19,046	19,045
Construction in progress	380,479	260,519
	<u>1,579,037</u>	<u>1,459,076</u>
Less accumulated depreciation	296,505	270,549
NET PROPERTY AND EQUIPMENT	<u>\$ 1,282,532</u>	<u>\$ 1,188,527</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2021 and 2020

NOTE C - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to \$25,956 and \$27,082, 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, second and third 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.

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 - LONG-TERM DEBT

In response to the COVID-19 outbreak, on May 4, 2020, the Organization was granted a loan from Bank of America in the aggregate amount of \$39,740, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan was forgiven on March 1, 2021, and recognized as other income for the year ended June 30 2021.

NOTE E - 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>2021</u>	<u>2020</u>
Engineering services	\$ 56,498	\$ 0
Architect services	55,065	8,400
	<u>\$ 111,563</u>	<u>\$ 8,400</u>

The contributed engineering and architectural services have been capitalized in construction in progress in the combined statements of financial position.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2021 and 2020

NOTE F - NET ASSETS RELEASED FROM DONOR RESTRICTION

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>2021</u>	<u>2020</u>
Children's Academy	<u>\$ 16,600</u>	<u>\$ 225,000</u>

NOTE G - 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, 2021 and 2020 were \$3,343 and \$32,504, respectively.

One of the Co-Directors of Haiti Partners, Inc. started a new limited liability corporation, Merline's Caribbean Hot Sauce, LLC. The intent of the entity was to promote Haiti and nurture a culture of entrepreneurship in the county. Net profits earned from the new entity are to be contributed to Haiti Partners, Inc. The Organization purchases hot sauce from Merline's Caribbean Hot Sauce, LLC, and gifts to donors as appreciation for their support of Haiti Partners, Inc. Additionally, the Organization provides opportunities for individuals to directly donate to Haiti Partners, Inc. and receive a bottle of hot sauce in return. Total individual donations to Haiti Partners in exchange for hot sauce for the years ended June 30, 2021 and 2020, were \$13,999 and \$1,450, respectively. Total expense related to purchases of hot sauce by the Organization for the years ended June 30, 2021 and 2020, were \$28,187 and \$2,750, respectively.

NOTE H - 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 years ended June 30, 2021 and 2020 was \$1,550 and \$89,045 respectively. The Organization did not to extend the lease agreements or rent new space elsewhere, therefore they have no future minimum lease payments.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2021 and 2020

NOTE I - AVAILABILITY AND LIQUIDITY

As of June 30, 2021, the Organization had working capital of \$250,747 and \$263,147 and average days (based on normal expenditures) cash on hand of 110 days. As of June 30, 2020, the Organization had working capital of \$263,147 and average days (based on normal expenditures) cash on hand of 100 days.

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

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS AT YEAR END:		
Cash and cash equivalents	<u>\$ 266,531</u>	<u>\$ 294,686</u>
 FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	 <u>\$ 266,531</u>	 <u>\$ 294,686</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$205,000 and \$255,000 for the years ended June 30, 2021 and 2020, respectively).

NOTE J - RISKS AND UNCERTANTIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's combined financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its future results of operations, financial condition, or liquidity.