COMBINED FINANCIAL STATEMENTS

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2022 and 2021

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CONTENTS

January 18, 2023

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

Independent Auditor's Report

Opinion

We have audited the accompanying combined financial statements of Haiti Partners, Inc. and Affiliate (the Organization), which comprise the combined statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Haiti Partners, Inc. and Affiliate as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits 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 Haiti Partners, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note A to the combined financial statements, the Organization adopted Financial Accounting Standards Board ASU No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets.* Our opinion is not modified with respect to this matter.

Correction of Error

As discussed in Note L to the combined financial statements, certain errors resulting in overstatement of amounts previously reported for net assets with donors restrictions as of June 30, 2021, were discovered by management of the Company during the current year. Accordingly, amounts reported net assets with and without donor restrictions have been restated in the 2021 combined financial statements now presented to correct the error. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 Haiti Partners, Inc. and Affiliate'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 combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Haiti Partners, Inc. and Affiliate'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.

Hill, Barth & King LLC

Certified Public Accountants

COMBINED STATEMENTS OF FINANCIAL POSITION

HAITI PARTNERS, INC. AND AFFILIATE

June 30, 2022 and 2021

	2022	2021, as restated
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 108,094**	$ 266,531
Marketable securities - NOTES C AND D	**16,542**	0
Contributions receivable	**13,000**	0
Employee retention credit receivable - NOTE E	**101,358**	0
TOTAL CURRENT ASSETS	**238,994**	266,531
PROPERTY AND EQUIPMENT, NET - NOTE F	**1,269,888**	1,282,532
TOTAL ASSETS	**$ 1,508,882**	$ 1,549,063
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 17,149**	$ 8,072
Deferred grant revenue	**0**	7,712
TOTAL CURRENT LIABILITIES	**17,149**	15,784
NET ASSETS		
Without donor restriction	**1,491,733**	1,533,279
TOTAL LIABILITIES AND NET ASSETS	**$ 1,508,882**	$ 1,549,063

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF ACTIVITIES

HAITI PARTNERS, INC. AND AFFILIATE

Year ended June 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT AND REVENUE			
Contributions and private grants	$ 510,065	$ 163,323	$ 673,388
In-kind contributions - NOTE H	4,000	0	4,000
Other income	115,120	0	115,120
Net assets released from donor restrictions	163,323	(163,323)	0
TOTAL PUBLIC SUPPORT AND REVENUE	792,508	0	792,508
EXPENSES			
Program services:			
Schools	709,476	0	709,476
Supporting services:			
Fundraising	46,627	0	46,627
Management and general	73,743	0	73,743
TOTAL SUPPORTING SERVICES	120,370	0	120,370
TOTAL EXPENSES	829,846	0	829,846
	(37,338)	0	(37,338)
INVESTMENT RETURN, NET	(4,208)	0	(4,208)
CHANGES IN NET ASSETS	(41,546)	0	(41,546)
NET ASSETS			
Beginning of year as restated	1,533,279	0	1,533,279
End of year	$ 1,491,733	$ 0	$ 1,491,733

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF ACTIVITIES (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

Year ended June 30, 2021, as restated

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT AND REVENUE			
Contributions and private grants	$ 448,456	$ 174,043	$ 622,499
In-kind contributions - NOTE H	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	174,043	(174,043)	0
TOTAL PUBLIC SUPPORT AND REVENUE	927,362	0	927,362
EXPENSES			
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
	108,338	0	108,338
INVESTMENT RETURN, NET	7	0	7
CHANGES IN NET ASSETS	108,345	0	108,345
NET ASSETS			
Beginning of year as previously reported	1,262,218	162,716	1,424,934
Reclassification - NOTE L	162,716	(162,716)	0
Beginning of year as restated	1,424,934	0	1,424,934
End of year	$ 1,533,279	$ 0	$ 1,533,279

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

HAITI PARTNERS, INC. AND AFFILIATE

Year ended June 30, 2022

	PROGRAM SERVICES	SUPPORTING SERVICES			
	CALC/ Partner Schools	Fundraising	Management and General	Total Supporting Services	Total
Bank fees	$ 4,056	$ 579	$ 1,159	$ 1,738	$ 5,794
Communications	22,546	6,442	3,221	9,663	32,209
Depreciation	37,514	0	0	0	37,514
Grants	126,229	0	0	0	126,229
Insurance	922	132	263	395	1,317
Miscellaneous	7,628	2,543	2,544	5,087	12,715
Newsletters and mailings	7,945	2,648	2,648	5,296	13,241
Occupancy costs	42,437	6,062	12,125	18,187	60,624
Professional fees	35,897	2,413	4,825	7,238	43,135
Program costs	120,002	1,000	1,000	2,000	122,002
Promotional and educational materials	1,187	396	396	792	1,979
Supplies	11,295	2,339	2,339	4,678	15,973
Travel	14,097	847	847	1,694	15,791
Wages and benefits	277,721	21,226	42,376	63,602	341,323
TOTAL	$ 709,476	$ 46,627	$ 73,743	$ 120,370	$ 829,846

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

HAITI PARTNERS, INC. AND AFFILIATE

Year ended June 30, 2021

	PROGRAM SERVICES			SUPPORTING SERVICES			
	Schools	Home Gardening	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
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 expenses	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 expenses	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
	642,027	54,283	696,310	55,650	76,842	132,492	828,802
Less special event expenses	0	0	0	(9,778)	0	(9,778)	(9,778)
TOTAL	$ 642,027	$ 54,283	$ 696,310	$ 45,872	$ 76,842	$ 122,714	$ 819,024

See accompanying notes to combined financial statements

COMBINED STATEMENTS OF CASH FLOWS

HAITI PARTNERS, INC. AND AFFILIATE

Years ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from public support and revenue	**$ 645,851**	$ 870,334
Cash paid to suppliers and employees	**(783,255)**	(778,535)
Investment income	**37**	7
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(137,367)**	91,806
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of property and equipment	**(21,070)**	(119,961)
NET CASH USED IN INVESTING ACTIVITIES	**(21,070)**	(119,961)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(158,437)**	(28,155)
CASH AND CASH EQUIVALENTS		
Beginning of year	**266,531**	294,686
End of year	**$ 108,094**	$ 266,531
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Changes in net assets	**$ (41,546)**	$ 108,345
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	**37,514**	25,956
Unrealized loss on marketable securities	**4,245**	0
Non-cash donations	**(24,587)**	0
Paycheck Protection Program loan forgiveness	**0**	(39,740)
(Increase) decrease in assets:		
Contributions receivable	**(13,000)**	0
Employee retention credit receivable	**(101,358)**	
Deposits	**0**	13,000
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	**9,077**	1,533
Deferred grant revenue	**(7,712)**	(17,288)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**$ (137,367)**	$ 91,806

See accompanying notes to combined financial statements

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."

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.

Investments:
Investments are stated at fair value, which represents the value on the date of donation or cost on the date of purchase plus reinvested earnings and appreciation or depreciation. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these market fluctuations. Gains or losses on securities sold are computed on a specific-identification basis.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued):
Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the combined statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

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

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

Adoption of New Accounting Standard:
Gifts-In-Kind
In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. ASU 2020-07 was effective for Haiti Partners, Inc. for the year ended June 30, 2022. The Organization adopted and applied retrospectively to all periods presented.

Restatement of Prior Period:
The financial statements for 2021 have been restated to correct an error made in that year regarding improper classification of net assets but which was discovered in 2022. The effect of the restatement was to increase net assets released from donor restrictions by $157,443. The adjustment has no impact on the net changes in net assets for the years ended June 30, 2022 or 2021.

Subsequent Events:
Management evaluated all activity of the Organization through January 18, 2023, 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, except as described in Note F.

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, 2022 and 2021 were $18,664 and $18,814, respectively.

NOTE C - INVESTMENTS

Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (all Level 1 inputs). Changes in fair value, whether realized or unrealized, are recorded in the statements of activities. During the year ended June 30, 2022, the Organization's net accumulated unrealized loss is $4,245. Investments totaled $16,542 at June 30, 2022. There were no investments in marketable equity securities as of June 30, 2021.

NOTE D - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 – Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds: Valued using the closing price reported in the active market in which the individual securities are traded.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Mutual funds	**$ 16,542**	**$ 0**	**$ 0**	**$ 16,542**

There were no assets measured at fair value as of June 30, 2021.

NOTE E - EMPLOYEE RETENTION CREDIT

Under the provisions of the CARES Act, the Organization is eligible for a refundable employee retention credit subject to certain criteria. During 2022, the Organization recognized other income of $101,358 in the combined statements of activities for the Employee Retention Credit (ERC) and recorded a related receivable of $101,358 on the combined statements of financial position as of June 30, 2022. Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

NOTE F - PROPERTY AND EQUIPMENT

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

	2022	2021
Land	**$ 81,703**	$ 81,703
Building and improvements	**1,392,752**	1,012,273
Furniture and equipment	**32,406**	11,536
Vehicles	**51,000**	74,000
Computers and equipment	**23,045**	19,046
Construction in progress	**0**	380,479
	1,580,906	1,579,037
Less accumulated depreciation	**311,018**	296,505
NET PROPERTY AND EQUIPMENT	**$ 1,269,888**	$ 1,282,532

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to $37,514 and $25,956, 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. On October 4, 2022, the Organization received a grant award letter from Tenacre Foundation offering a grant of $230,000 to be used for the next phase of The Children's Academy building expansion.

NOTE G - 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 H - IN-KIND CONTRIBUTIONS

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

	2022	2021
Computers	**$ 4,000**	$ 0
Engineering services	**0**	56,498
Architect services	**0**	55,065
	$ 4,000	$ 111,563

The contributed services and supplies have been capitalized in property and equipment on the combined statements of financial position for the years ended June 30, 2022 and 2021.

NOTE I - NET ASSETS RELEASED FROM 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:

	2022	2021
Children's Academy	**$ 108,503**	$ 62,084
Schools Program	**54,820**	111,959
	$ 163,323	$ 174,043

NOTE J - 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, 2022 and 2021 were $8,200 and $3,343, respectively.

NOTE J - RELATED PARTY TRANSACTIONS (CONTINUED)

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, 2022 and 2021, were $6,473 and $13,999, respectively. Total expense related to purchases of hot sauce by the Organization for the years ended June 30, 2022 and 2021, were $10,290 and $28,187, respectively.

NOTE K - AVAILABILITY AND LIQUIDITY

As of June 30, 2022, the Organization had working capital of $90,945 and average days (based on normal expenditures) cash on hand of 100 days. As of June 30, 2021, the Organization had working capital of $250,747 and average days (based on normal expenditures) cash on hand of 110 days.

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

	2022	2021
FINANCIAL ASSETS AT YEAR END:		
Cash and cash equivalents	**$ 108,094**	$ 266,531
Marketable securities	**16,542**	0
Contributions receivable	**13,000**	0
Employee retention credit receivable	**101,358**	0
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	**$ 238,994**	$ 266,531

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $205,000 for the years ended June 30, 2022 and 2021).

NOTE L – PRIOR PERIOD ADJUSTMENT

Net assets of $162,716 were improperly classified as with donor restrictions and have been restated to reflect as without donor restrictions. The adjustment has not impact on the net changes in net assets for the years ended June 30, 2022 or 2021.