

**HAITI PARTNERS, INC.
AND AFFILIATE
COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

HAITI PARTNERS, INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Haiti Partners, Inc. and Affiliate
Delray Beach, Florida

Opinion

We have audited the accompanying combined financial statements of Haiti Partners, Inc. and Affiliate (a nonprofit organization) which comprise the combined statements of financial position as of June 30, 2023 and 2022 and the related statements of activities 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 combined financial position of Haiti Partners, Inc. and Affiliate as of June 30, 2023 and 2022, and the changes in net assets and its 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined 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.

Prior Period Combined Financial Statements

The combined financial statements of the Haiti Partners, Inc. and Affiliate as of and for the year ended June 30, 2022, were audited by other auditors, whose report dated January 18, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management 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.

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, including omissions, 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.

Divine, Blalock, Martin & Sellari,

DIVINE, BLALOCK, MARTIN & SELLARI, LLC

West Palm Beach, Florida

October 5, 2023

HAITI PARTNERS, INC. AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2023 AND 2022

| ASSETS | 2023 | 2022 |
|---|----------------------------|----------------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 281,469 | \$ 108,094 |
| Marketable securities | - | 16,542 |
| Pledges and other receivables, unrestricted | 15,000 | 13,000 |
| Employee retention credit receivable | - | 101,358 |
| Total current assets | <u>296,469</u> | <u>238,994</u> |
| Property and equipment, net | <u>1,253,972</u> | <u>1,269,888</u> |
| TOTAL ASSETS | <u>\$ 1,550,441</u> | <u>\$ 1,508,882</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 29,012 | \$ 17,149 |
| Deferred revenue | <u>5,269</u> | <u>-</u> |
| Total current liabilities | <u>34,281</u> | <u>17,149</u> |
| Net assets | | |
| Without donor restrictions | 1,516,160 | 1,491,733 |
| With donor restrictions | <u>-</u> | <u>-</u> |
| Total net assets | <u>1,516,160</u> | <u>1,491,733</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,550,441</u> | <u>\$ 1,508,882</u> |

The accompanying notes are an integral part of these financial statements.

HAITI PARTNERS, INC. AND AFFILIATE

COMBINED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|--------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Contributions and private grants | \$ 604,748 | \$ 301,827 | \$ 906,575 |
| Contributions of nonfinancial assets | - | - | - |
| Other income | 2,538 | - | 2,538 |
| Investment income, net | 6,694 | - | 6,694 |
| Net assets released from restrictions | 301,827 | (301,827) | - |
| Total public support and revenue | 915,807 | - | 915,807 |
| EXPENSES | | | |
| Program services | | | |
| Schools | 713,040 | - | 713,040 |
| Supporting services | | | |
| Management and general | 78,005 | - | 78,005 |
| Fundraising | 100,335 | - | 100,335 |
| Total supporting services | 178,340 | - | 178,340 |
| Total expenses | 891,380 | - | 891,380 |
| Change in net assets | 24,427 | - | 24,427 |
| Beginning net assets | 1,491,733 | - | 1,491,733 |
| Ending net assets | \$ 1,516,160 | \$ - | \$ 1,516,160 |

The accompanying notes are an integral part of these financial statements.

HAITI PARTNERS, INC. AND AFFILIATE

COMBINED STATEMENT OF ACTIVITIES

FOR THE 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 |
| Contributions of nonfinancial assets | 4,000 | - | 4,000 |
| Other income | 115,120 | - | 115,120 |
| Investment income, net | (4,208) | - | (4,208) |
| Net assets released from restrictions | 163,323 | (163,323) | - |
| Total public support and revenue | 788,300 | - | 788,300 |
| EXPENSES | | | |
| Program services | | | |
| Schools | 709,476 | - | 709,476 |
| Supporting services | | | |
| Management and general | 73,743 | - | 73,743 |
| Fundraising | 46,627 | - | 46,627 |
| Total supporting services | 120,370 | - | 120,370 |
| Total expenses | 829,846 | - | 829,846 |
| Change in net assets | (41,546) | - | (41,546) |
| Beginning net assets | 1,533,279 | - | 1,533,279 |
| Ending net assets | \$ 1,491,733 | \$ - | \$ 1,491,733 |

The accompanying notes are an integral part of these financial statements.

HAITI PARTNERS, INC. AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

| | | Supporting Services | | |
|---------------------------|---------------------|---------------------------|-------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total |
| Bank charges | \$ 2,673 | \$ 763 | \$ 382 | \$ 3,818 |
| Communications | 10,954 | 1,565 | 3,130 | 15,649 |
| Depreciation | 57,766 | - | - | 57,766 |
| Special event expenses | - | - | 51,317 | 51,317 |
| Grants | 74,949 | - | - | 74,949 |
| Insurance | 934 | 267 | 133 | 1,334 |
| Miscellaneous | 8,517 | 3,172 | 3,172 | 14,861 |
| Newsletters and Mailings | 10,257 | 3,419 | 3,419 | 17,095 |
| Occupancy costs | 22,431 | 6,409 | 3,204 | 32,044 |
| Professional fees | 38,623 | 5,860 | 2,930 | 47,413 |
| Program costs | 132,783 | 1,000 | 1,000 | 134,783 |
| Promotional materials | 3,709 | 1,237 | 1,237 | 6,183 |
| Supplies | 16,847 | 3,701 | 3,701 | 24,249 |
| Travel | 13,086 | 1,225 | 1,225 | 15,536 |
| Wages and benefits | 319,511 | 49,387 | 25,485 | 394,383 |
| Total functional expenses | <u>\$ 713,040</u> | <u>\$ 78,005</u> | <u>\$ 100,335</u> | <u>891,380</u> |
| Total functional expenses | <u>\$ 713,040</u> | <u>\$ 78,005</u> | <u>\$ 100,335</u> | <u>\$ 891,380</u> |

The accompanying notes are an integral part of these financial statements.

HAITI PARTNERS, INC. AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

| | | Supporting Services | | |
|---------------------------|---------------------|---------------------------|------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total |
| Bank charges | \$ 4,056 | \$ 1,159 | \$ 579 | \$ 5,794 |
| Communications | 22,546 | 3,221 | 6,442 | 32,209 |
| Depreciation | 37,514 | - | - | 37,514 |
| Special event expenses | - | - | - | - |
| Grants | 126,229 | - | - | 126,229 |
| Insurance | 922 | 263 | 132 | 1,317 |
| Miscellaneous | 7,626 | 2,544 | 2,543 | 12,713 |
| Newsletters and Mailings | 7,946 | 2,648 | 2,648 | 13,242 |
| Occupancy costs | 42,438 | 12,125 | 6,062 | 60,625 |
| Professional fees | 35,897 | 4,825 | 2,413 | 43,135 |
| Program costs | 120,002 | 1,000 | 1,000 | 122,002 |
| Promotional materials | 1,187 | 396 | 396 | 1,979 |
| Supplies | 11,294 | 2,339 | 2,339 | 15,972 |
| Travel | 14,099 | 847 | 847 | 15,793 |
| Wages and benefits | 277,720 | 42,376 | 21,226 | 341,322 |
| Total functional expenses | <u>\$ 709,476</u> | <u>\$ 73,743</u> | <u>\$ 46,627</u> | <u>829,846</u> |
| Total functional expenses | <u>\$ 709,476</u> | <u>\$ 73,743</u> | <u>\$ 46,627</u> | <u>\$ 829,846</u> |

The accompanying notes are an integral part of these financial statements.

HAITI PARTNERS, INC. AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Increase (Decrease) in net assets | \$ 24,427 | \$ (41,546) |
| <i>Adjustments to reconcile decrease in net assets</i> | | |
| <i>to net cash used in operating activities:</i> | | |
| Depreciation | 57,766 | 37,514 |
| Net realized and unrealized (gains) losses on investments | (2,191) | 4,245 |
| Non-cash donations | - | (24,587) |
| <i>Changes in operating non-cash assets & liabilities:</i> | | |
| Pledges and other receivable | (2,000) | (13,000) |
| Employee retention credit receivable | 101,358 | (101,358) |
| Accounts payable and accrued expenses | 11,863 | 9,077 |
| Deferred revenue | 5,269 | (7,712) |
| Net cash provided by (used in) operating activities | 196,492 | (137,367) |
| Cash flows from investing activities: | | |
| Sale of investments | 18,733 | - |
| Purchase of property and equipment | (41,850) | (21,070) |
| Net cash used in investing activities | (23,117) | (21,070) |
| Increase (decrease) in cash and cash equivalents | 173,375 | (158,437) |
| Cash and cash equivalents, beginning of year | 108,094 | 266,531 |
| Cash and cash equivalents, end of year | <u>\$ 281,469</u> | <u>\$ 108,094</u> |

The accompanying notes are an integral part of these financial statements.

HAITI PARTNERS, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Haiti Partners, Inc., (the "Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization was formed in the State of Florida on October 9, 2008 and began operating on July 1, 2010. The Organization's mission is to help Haitians change Haiti through education. Haiti Partners, Inc. expresses its vision, mission and values through the *Quality Schools Program* – To develop schools that help children realize their potential while driving community development and lifelong learning.

Affiliate

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."

Basis of accounting

The Organization's combined financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Basis of presentation

The Organization records unconditional promises to give (pledges) as contributions at fair value at the date the promises are received or made and distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets available for the support of the Organization's operations. The net assets without donor restrictions 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 donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes.

The amounts for each class of net assets are required to be displayed in a combined statement of financial position and the amount of the change in each class of net assets are required to be displayed in a statement of activities.

HAITI PARTNERS, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 FASB ASC 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The use of estimates includes, but are not limited to, amounts earned in the reporting period under grant contracts, the estimated value of in-kind services, the allocation of expenses among program and support categories, and useful lives of depreciable assets. Actual results could differ from those estimates.

Cash and cash equivalents

Cash includes amounts on deposit in checking accounts and money market accounts. For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash deposits with Bank of America, located in Palm Beach County, FL, Fonkoze and Sogebank, which are located in Port-au-Prince, Haiti and Fidelity brokerage firm.

Investments

Investments are presented in the combined financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. Investments consist of funds invested in mutual funds and exchange traded funds (ETF's). The mutual funds and exchange traded funds are held by a brokerage firm for the benefit of the Organization, but are not insured or collateralized. Investment transactions are recorded on a trade date basis. Investment income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. Investment earnings and realized and unrealized gains and losses are included in the Statement of Activities. Investment expenses are netted against investment income.

HAITI PARTNERS, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges receivable

Pledges receivable represent unconditional promises to give support over a period of time. Unconditional promises to give are reported as an increase in net assets with or without donor restrictions, depending on the nature of the donor-imposed restriction, if any. The Organization recognizes pledges receivable at estimated net realizable value for pledges due within one year. Pledges receivable that are expected to be collected in future years are recorded at the present value of their net realizable value. No allowance was deemed necessary for pledges receivable as they were deemed fully collectible by management.

Property and equipment

Property and equipment owned by the Organization are recorded at cost, if purchased, or fair market value, if donated. Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of the related asset, generally 3-39 years.

Revenue recognition

The Organization's main source of revenue is public support and contributions which are recognized when the cash, securities or other assets are received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions are reported as changes in net assets with or without donor restrictions depending on the existence of donor stipulations that limit the use of the support. The Organization reports contributions as changes in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same year the contribution was received, are reported as changes in net assets without donor restrictions. Gifts of securities and other assets are reported at their estimated fair value on the date of donation.

Special event revenue is recognized in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended, which applies to exchange transactions and not to contributions and other nonreciprocal transfers to the Organization. In accordance with ASU 2014-09, the Organization records special event revenue equal to the fair value of the direct benefit to donors, and contribution income for the excess received at the point in time when the event takes place. Payments for special events are due on or before the occurrence of the event. Revenue received in advance for future fundraising events and conditional contributions are deferred until the event is held or the donor's condition is met.

HAITI PARTNERS, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Nonfinancial Assets (In-kind contributions)

Contributions of securities, goods, and other in-kind assets are recorded at fair value and as support without donor restrictions unless the donor stipulates how the donated asset must be used. Contributions of long-lived assets with restrictions are reported as support with donor restrictions until the asset is placed in service. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions until the asset is acquired and placed in service.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs, principally in the evaluation of agencies and allocation of support. Due to difficulty in establishing a value for these non-professional services, the value of this contributed time is not reflected in these statements.

Advertising

The Organization's advertising, marketing and promotion is expensed as incurred. Such costs totaled \$6,183 and \$1,979 during the years ended June 30, 2023 and 2022, respectively.

Income taxes

The Organization is a tax-exempt, not-for-profit Corporation under Internal Revenue Code (IRC) Section 501(c) (3). Accordingly, no provision for income taxes has been made in the accompanying combined financial statements.

The Organization has adopted the provisions of FASB ASC 740-10-25, which require that a tax provision be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its combined financial statements include any uncertain tax positions.

The Organization files tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to Internal Revenue Service tax examinations for years prior to 2019.

Functional expenses

In the accompanying statement of activities, expenses are reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the Organization exists. Supporting activities are all activities other than program services and are included in the combined financial statements as management and general or fundraising expenses.

HAITI PARTNERS, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently adopted accounting pronouncements

The FASB has issued the following accounting standards updates that may affect the Organization in future years. Management is evaluating the effects, if any, of the following updates:

- *ASU 2016-09 (Leases)*- Effective January 1, 2022, the Company adopted the new lease standard. At June 30, 2023 the Company had a short-term lease agreement with a related party – (See note G). The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying combined financial statements.
- *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* - requires not-for-profit entities to present nonfinancial assets as a separate line item in the statement of activities from contributions of cash and other financial assets. The ASU also requires disclosures including the use of the contributed nonfinancial assets, the policy of monetizing or utilizing contributed nonfinancial assets, description of donor- imposed restrictions associated with contributed nonfinancial assets, and the valuation techniques and inputs used to measure the contributed nonfinancial assets at fair value. The Organization adopted ASU 2020-07 for the year ended June 30, 2023; however, for the year ended June 30, 2022, the Company had no contribution of nonfinancial assets.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year's presentation. The reclassifications had no effect on previously reported net assets or increase in net assets.

NOTE B - INVESTMENTS

The Organization's investments in mutual funds and ETF's are exposed to various risks, such as market risk, interest rate risk, and credit risks. In addition, certain investments may be subject to additional risks including foreign currency risk, derivatives risk, foreign and emerging markets risk, leveraging risk, liquidity risk, multi-manager risk, real estate risk and small company risk. Due to the various risks associated with the Organization's investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined financial statements.

NOTE C - FAIR VALUE MEASUREMENTS

The Organization uses a three-tier hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable market inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices for similar assets or liabilities in active markets to which the organization has access at the measurement date.

HAITI PARTNERS, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE C - FAIR VALUE MEASUREMENTS, CONTINUED

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted process for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for assets or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of each fiscal year. There were no transfers between levels during the years ended June 30, 2023 and 2022.

The primary use of fair value measurements in the Organization's combined financial statements are the measurement of in-kind contributions.

NOTE D - PLEDGES RECEIVABLE

Pledges are recorded as receivables and support when received or promised. These pledges are considered unconditional promises to give, which is a promise to give that depends only on the passage of time. Unconditional promises to give that are due beyond one year have been measured using the net present value of their estimated future cash flows. Pledge receivables as of June 30, 2023 and 2022, consist of promises to give due in the following year from individual and corporate donors. At June 30, 2023 and 2022, the total pledge receivable was \$15,000 and \$13,000 respectively.

From time to time, the Organization is informed of intentions to give by prospective donors. Such expressions of intent are revocable and unenforceable. The ultimate value of these expressions has not been established nor have they been recognized in the accompanying combined financial statements.

HAITI PARTNERS, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 81,703 | \$ 81,703 |
| Building and improvements | 1,392,752 | 1,392,752 |
| Furniture and equipment | 32,406 | 32,406 |
| Computer and equipment | 23,045 | 23,045 |
| Vehicles | 51,000 | 51,000 |
| Provisional classroom | 34,450 | - |
| Construction in progress | 7,400 | - |
| | <u>1,622,756</u> | <u>1,580,906</u> |
| Less: Accumulated depreciation | <u>(368,784)</u> | <u>(311,018)</u> |
| Property and equipment, net | <u>\$ 1,253,972</u> | <u>\$ 1,269,888</u> |

NOTE F – 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,

| | <u>2023</u> | <u>2022</u> |
|------------------------|-------------------|-------------------|
| Children's Academy | \$ 41,850 | \$ 108,503 |
| School Programs | 41,940 | 54,820 |
| Operations and support | 218,037 | - |
| | <u>\$ 301,827</u> | <u>\$ 163,323</u> |

NOTE G – OPERATING LEASE COMMITMENTS

The Organization signed a short-term lease agreement with the co-directors to provide lodging at Bellevue Guesthouse, which the co-directors own, for 8-12 of the Children's Academy's staff. Under the terms of the lease the minimum monthly base rental payments are \$1,500 plus utilities and maintenance, effective July 1, 2022 and conclude on June 30, 2023. The lease has been renewed for an additional year through June 30, 2024. Occupancy expenses for the years ended June 30, 2023 and 2022 were \$32,044 and \$60,625, respectively, and also includes repairs & maintenance and utilities expenses incurred for the Children's Academy.

HAITI PARTNERS, INC. AND AFFILIATE

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE H - RELATED PARTY CONTRIBUTIONS

The Organization's Board of Directors approved a short-term lease agreement with a co-director as discussed in Note G. The Board of Directors also approved a plan to use Merline's Caribbean Hot Sauce (MCHS), who's founder and CEO is also a co-director of Haiti Partners, as a means to increase engagement among new and existing donors. 100% of the profits from the sale of MCHS goes to charity, primarily Haiti Partners. The hot sauce can be purchased on Haiti Partners website for a suggested donation.

NOTE I - LIQUIDITY

The following reflects the Organization's financial assets as of the combined statement of financial position date, reduced by amounts not available for general expenditures within one year of the combined statement of financial position date ending June 30,

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| Cash | \$ 281,469 | \$ 108,094 |
| Investments | - | 16,542 |
| Pledge receivable | <u>15,000</u> | <u>13,000</u> |
| | 296,469 | 137,636 |
| Less: those unavailable for general expenditures within one year due to: Donor restricted | <u>-</u> | <u>-</u> |
| Financial assets available at June 30, | <u><u>\$ 296,469</u></u> | <u><u>\$ 137,636</u></u> |

NOTE J- SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through October 5, 2023, the date on which the combined financial statements were available to be issued, and determined the following events to disclose in these combined financial statements.