

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A Nonprofit Organization)

Financial Statements
for the Years Ended
December 31, 2014 and 2013
and Independent Auditors' Report

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A Nonprofit Organization)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hope for Haiti's Children Ministries, Inc.
(A Nonprofit Organization)
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Hope for Haiti's Children Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope for Haiti's Children Ministries, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses included on pages 9-12 is presented for the purpose of additional analysis and is not required as part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Locey, Cecil & Associates, Ltd.
Certified Public Accountants
Cincinnati, Ohio
October 2, 2015

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 356,754 | \$ 305,154 |
| Total current assets | 356,754 | 305,154 |
| PROPERTY AND EQUIPMENT: | | |
| Office furniture and equipment | - | 16,943 |
| Total property and equipment | - | 16,943 |
| Less accumulated depreciation | - | 1,977 |
| Net property and equipment | - | 14,966 |
| TOTAL ASSETS | <u>\$ 356,754</u> | <u>\$ 320,120</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable-operations | \$ 15,721 | \$ 9,852 |
| Accrued wages and payroll taxes payable | 3,143 | 2,968 |
| Employee benefits payable | 3,375 | 450 |
| Total current liabilities | <u>22,239</u> | <u>13,270</u> |
| TOTAL LIABILITIES | 22,239 | 13,270 |
| NET ASSETS: | | |
| Net assets-unrestricted | 185,233 | 141,030 |
| Net assets- temporarily restricted | 149,282 | 165,820 |
| NET ASSETS | <u>334,515</u> | <u>306,850</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 356,754</u> | <u>\$ 320,120</u> |

See notes to financial statements and independent auditors' report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

| | Unrestricted 2014 | Temporarily Restricted 2014 | Total 2014 | 2013 |
|---|----------------------|-----------------------------------|---------------|------------|
| REVENUE AND SUPPORT | | | | |
| Unrestricted contributions | \$ 367,485 | \$ - | \$ 367,485 | \$ 285,399 |
| Temporarily restricted contributions | | 1,019,555 | 1,019,555 | 903,904 |
| Fundraising Events (net) | 66,457 | - | 66,457 | 28,402 |
| Donated goods and services (see Note 5) | 153,854 | - | 153,854 | 271,050 |
| Other income | 140 | - | 140 | 64 |
| Revenue released from restriction | 1,036,092 | (1,036,092) | | |
| TOTAL REVENUE AND SUPPORT | 1,624,028 | (16,537) | \$ 1,607,491 | 1,488,819 |
| EXPENSES (See pages 9-12) | | | | |
| Program services | 1,402,843 | - | 1,402,843 | 1,340,918 |
| Management and General | 116,285 | - | 116,285 | 80,863 |
| Fundraising | 60,698 | - | 60,698 | 50,525 |
| Total expenses | 1,579,826 | - | 1,579,826 | 1,472,306 |
| Increase in Net Assets | 44,202 | (16,537) | 27,665 | 16,513 |
| Net Assets Beginning Balance | 141,030 | 165,820 | 306,850 | 290,337 |
| Net Assets End of Year | \$ 185,232 | \$ 149,283 | \$ 334,515 | \$ 306,850 |

See notes to financial statements and independent auditors' report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Increase in Net Assets | \$ 27,665 | \$ 16,513 |
| Adjustments to reconcile change in net assets to net change in cash: | | |
| Depreciation | - | 1,977 |
| Loss on disposal of fixed assets | 14,966 | - |
| Change in assets and liabilities: | | |
| Accounts payable-trade | 5,869 | (3,044) |
| Accrued expenses | 3,100 | 3,418 |
| Net cash provided by Operating Activities | <u>51,600</u> | <u>18,864</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of fixed assets | <u>-</u> | <u>(16,943)</u> |
| Net cash used in Investing Activities | <u>-</u> | <u>(16,943)</u> |
| NET CHANGE IN CASH | 51,600 | 1,921 |
| CASH - BEGINNING OF YEAR | <u>305,154</u> | <u>303,233</u> |
| CASH - END OF YEAR | <u>\$ 356,754</u> | <u>\$ 305,154</u> |

See notes to financial statements and independent auditors' report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

1. ORGANIZATION

Hope for Haiti's Children Ministries, Inc., ("the Organization") is located in Cincinnati, Ohio and was organized in 1995. The Organization is a not-for-profit corporation with a mission to educate and care for the impoverished children of Haiti. The Organization meets the needs of the children through an education sponsorship program, health care services, orphan care, and crisis relief efforts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - The financial statements are presented on a basis of unrestricted, temporarily restricted, and permanently restricted net assets in accordance with Statement of Financial Accounting Standards (SFAS), *Financial Statements of Nonprofit Organizations*. Contributions whose restrictions are met within the same reporting period are reported as unrestricted net assets.

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Tax Status - As a nonprofit corporation, the profits and losses of Hope for Haiti's Children Ministries, Inc. are not subject to taxation under 501(c)(3) of the Internal Revenue Code. The Organization is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the organization has no other tax positions which must be considered for disclosure.

The Organization holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Organization's Form 990, Return of Organization Exempt from Income Taxes, are generally subject to examination by the Internal Revenue Service for four years after the date filed.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all short-term savings accounts to be cash equivalents.

Property and Equipment - The cost of fixed assets are capitalized and the assets are depreciated or amortized on the straight-line basis over the estimated useful lives of five years. Donations of property and equipment are recorded as contributions at their

estimated fair market values. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are charged to expenses as incurred; major additions, improvements, and renewals are capitalized.

Asset impairment - Statements of Financial Accounting Standards require that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of this statement has not materially affected the organization's combined reported changes in net assets, financial position or cash flows.

Contributed Services from Volunteers - The Organization has a substantial number of unpaid volunteers which have made significant contributions of time and service to the Organization's programs. However, no amounts have been recorded in the financial statements as there is no objective basis to measure the value of such services.

3. FUNCTIONAL ALLOCATION OF EXPENSES

The Organization is engaged in the activities and programs as described in Note 1. Accordingly, the costs of providing these activities are summarized in the Statement of Activities and Changes in Net Assets on page 4 of this report. Additional information regarding the Functional Allocation of Expenses can be found in the accompanying Schedule of Functional Expenses on pages 9-12 of this report.

4. MAJOR PUBLIC SUPPORT

Hope for Haiti's Children, Inc. receives support from individuals, businesses, foundations, and trusts in the United States. Many of these donations included donor-imposed restrictions.

5. DONATED GOODS AND SERVICES

During the years ended December 31, 2014 and 2013, the Organization received various goods and services in connection with its program activities. The fair value of the donated goods and services used in operation of its programs totaled \$153,854 and \$271,050 in the years ended December 31, 2014 and 2013, respectively. The fair value of these goods and services was included in revenue in the statement of activities and the corresponding expense accounts in the Statement of Activities and Changes in Net Assets for the years ended December 31, 2014 and 2013, respectively.

6. RELATED PARTY PAYMENTS

Ken Bever, President, received consulting fees in the amount of \$75,000 and \$76,250 in 2014 and 2013, respectively.

There are many places in which cash is the only method of payment accepted. Senior staff members who lead trips to Haiti receive trip advances to enable them to make purchases in those places if necessary. Expense reports, substantiated by receipts, are submitted each time a staff member returns from Haiti. In 2014, Mr. Bever received \$60,771 in trip advances for which he submitted \$51,839 in receipts and \$8,392 to be re-deposited. In 2013, he received \$3,780 for reimbursement of costs, all of which was substantiated with receipts. In 2014 and 2013, Tonya Hunt, VP of US Operations, received \$4,370 and \$3,780, respectively, for reimbursement of costs for which she submitted receipts substantiating all costs.

In 2014 and 2013, Finance Manager/Treasurer, Jennifer Anthony, received \$3,545 and \$1,710, respectively, for reimbursement of costs for which she submitted receipts substantiating all costs. The types of costs that required cash payment include security for the child clinic, translators, drivers, and other casual labor in support of the Organization's mission.

Julie Georges, a member of the board, also received \$5,378 for reimbursement of travel expense while in Haiti during 2014.

7. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

8. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 2, 2015, the date that the financial statements were available to be issued.

Additional Information

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Child Education Sponsorship | Orphan Care Sponsorship | Mission Trip Ministry | Lunch Program | Program Services US Operations | General Haiti Operations |
|----------------------------------|-----------------------------------|----------------------------|--------------------------|------------------|--------------------------------------|--------------------------------|
| Grants | \$572,856 | \$148,083 | \$9,825 | \$69,272 | \$22,861 | \$76,948 |
| Payroll Expenses | - | - | - | - | 64,705 | - |
| Travel Expense | 6,905 | 222 | 79,471 | - | 9,587 | 2,430 |
| Consulting Expense | - | - | - | - | 37,500 | - |
| Supplies & Materials | 8,982 | 20,327 | 2,575 | - | - | 2,088 |
| Postage/Shipping | - | - | 242 | - | 3,126 | 392 |
| Printing & Publications | 20 | - | 970 | - | 1,645 | - |
| Information Technology | 990 | 416 | - | - | 3,344 | 4,167 |
| Conferences | - | - | - | - | - | - |
| Repairs & Maintenance | 3,803 | 864 | - | - | - | 1,347 |
| Office Supplies | 50 | - | - | - | 631 | 1,354 |
| Food & Water | 2,975 | 519 | 272 | 531 | - | - |
| Merchant Fees | - | - | - | - | - | - |
| Telephone | 1,180 | 688 | - | - | 1,925 | 2,323 |
| Legal & Professional Fees | - | - | - | - | - | - |
| Contracted Services | 3,568 | - | - | - | - | - |
| Health Care | 7,287 | 95 | - | - | - | 904 |
| Insurance | - | - | 479 | - | - | 144 |
| Bank Fees | - | - | - | - | 1,013 | - |
| Management Meals | - | - | - | - | - | - |
| Education & Training | 590 | 112 | - | - | - | - |
| Loss on disposal of fixed assets | - | - | - | - | - | - |
| Miscellaneous Expense | 667 | 100 | - | - | - | - |
| Total Expenses | \$609,873 | \$171,426 | \$93,834 | \$69,803 | \$146,337 | \$92,097 |

See notes to financial statements and independent auditors' report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Community Development | Other Programs | Total Programs | Management and General | Fundraising | Total Expenses |
|----------------------------------|--------------------------|-------------------|--------------------|---------------------------|-----------------|--------------------|
| Grants | \$47,949 | \$113,989 | \$1,061,783 | \$0 | \$0 | \$1,061,783 |
| Payroll Expenses | - | - | 64,705 | 40,915 | 22,029 | 127,649 |
| Travel Expense | 3,426 | - | 102,041 | 1,648 | 2,847 | 106,536 |
| Consulting Expense | - | - | 37,500 | 18,750 | 18,750 | 75,000 |
| Supplies & Materials | 4,559 | 14,480 | 53,011 | - | - | 53,011 |
| Postage/Shipping | 78 | 14,286 | 18,124 | 1,196 | 1,650 | 20,970 |
| Printing & Publications | - | 604 | 3,239 | 832 | 13,272 | 17,343 |
| Information Technology | - | - | 8,917 | 9,260 | 384 | 18,561 |
| Conferences | - | 11,641 | 11,641 | 275 | 115 | 12,031 |
| Repairs & Maintenance | 633 | 2,000 | 8,647 | - | - | 8,647 |
| Office Supplies | - | 296 | 2,331 | 7,733 | 1,258 | 11,322 |
| Food & Water | 3,702 | - | 7,999 | - | - | 7,999 |
| Merchant Fees | - | - | - | 8,559 | - | 8,559 |
| Telephone | - | - | 6,116 | 634 | - | 6,750 |
| Legal & Professional Fees | - | - | - | 6,075 | - | 6,075 |
| Contracted Services | 100 | 1,730 | 5,398 | - | - | 5,398 |
| Health Care | - | - | 8,286 | - | - | 8,286 |
| Insurance | - | - | 623 | 2,324 | - | 2,947 |
| Bank Fees | - | - | 1,013 | 1,325 | - | 2,338 |
| Management Meals | - | - | - | 1,215 | - | 1,215 |
| Education & Training | - | - | 702 | - | - | 702 |
| Loss on disposal of fixed assets | - | - | - | 14,966 | - | 14,966 |
| Miscellaneous Expense | - | - | 767 | 578 | 393 | 1,738 |
| Total Expenses | \$60,447 | \$159,026 | \$1,402,843 | \$116,285 | \$60,698 | \$1,579,826 |

See notes to financial statements and independent auditors' report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Child Education Sponsorship | Orphan Care Sponsorship | Mission Trip Ministry | Lunch Program | Program Services US Operations | General Haiti Operations |
|---------------------------|-----------------------------------|----------------------------|--------------------------|------------------|--------------------------------------|--------------------------------|
| Grants | \$514,160 | \$200,050 | \$8,540 | \$130,421 | \$18,983 | \$42,517 |
| Payroll Expenses | - | - | - | - | 64,658 | - |
| Travel Expense | 1,541 | 50 | 75,743 | - | 7,939 | 4,603 |
| Consulting Expense | - | - | - | - | 37,475 | - |
| Supplies & Materials | 3,954 | 12,840 | 4 | - | - | 3,661 |
| Postage/Shipping | - | - | 224 | - | 3,038 | 52 |
| Printing & Publications | 52 | - | 168 | - | 1,833 | 30 |
| Information Technology | 53 | - | - | - | 9,759 | 1,211 |
| Conferences | - | - | - | - | - | - |
| Repairs & Maintenance | - | 40 | - | - | - | 1,120 |
| Office Supplies | 457 | 63 | 86 | - | 1,517 | 96 |
| Food & Water | 3,175 | 1,225 | - | - | - | - |
| Merchant Fees | - | - | - | - | - | - |
| Telephone | 1,259 | 1,082 | 73 | - | 1,357 | 1,548 |
| Legal & Professional Fees | - | - | - | - | - | - |
| Contracted Services | 5,490 | 1,920 | - | - | - | 275 |
| Health Care | 4,499 | - | - | - | - | 457 |
| Insurance | - | - | 1,650 | - | - | - |
| Bank Fees | - | - | - | - | 953 | - |
| Management Meals | - | - | - | - | - | - |
| Education & Training | 6,738 | - | - | - | - | - |
| Miscellaneous Expense | - | 682 | - | - | 2,001 | - |
| Depreciation | - | - | - | - | 1,977 | - |
| Total Expenses | \$541,378 | \$217,952 | \$86,488 | \$130,421 | \$151,490 | \$55,570 |

See notes to financial statements and independent auditors' report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Community Development | Other Programs | Total Programs | Management and General | Fundraising | Total Expenses |
|---------------------------|--------------------------|-------------------|--------------------|---------------------------|-----------------|--------------------|
| Grants | \$29,003 | \$70,141 | \$1,013,815 | \$0 | \$0 | \$1,013,815 |
| Payroll Expenses | - | - | 64,658 | 32,928 | 14,857 | 112,443 |
| Travel Expense | 7,237 | - | 97,113 | 698 | 1,649 | 99,460 |
| Consulting Expense | - | - | 37,475 | 20,401 | 18,737 | 76,613 |
| Supplies & Materials | 1,683 | 8,171 | 30,313 | - | - | 30,313 |
| Postage/Shipping | - | 16,895 | 20,209 | 1,113 | 2,033 | 23,355 |
| Printing & Publications | 30 | 1,432 | 3,545 | 4,874 | 11,634 | 20,053 |
| Information Technology | 1,389 | - | 12,412 | (262) | 1,306 | 13,456 |
| Conferences | - | 13,380 | 13,380 | 215 | - | 13,595 |
| Repairs & Maintenance | 320 | - | 1,480 | - | - | 1,480 |
| Office Supplies | 13 | 182 | 2,414 | 3,080 | 235 | 5,729 |
| Food & Water | 3,122 | 65 | 7,587 | - | - | 7,587 |
| Merchant Fees | - | - | - | 6,753 | - | 6,753 |
| Telephone | 319 | - | 5,638 | 939 | - | 6,577 |
| Legal & Professional Fees | - | - | - | 5,565 | - | 5,565 |
| Contracted Services | 440 | 1,145 | 9,270 | - | - | 9,270 |
| Health Care | - | - | 4,956 | - | - | 4,956 |
| Insurance | - | - | 1,650 | 2,218 | - | 3,868 |
| Bank Fees | - | - | 953 | 1,047 | - | 2,000 |
| Management Meals | - | - | - | 762 | 74 | 836 |
| Education & Training | - | 2,152 | 8,890 | - | - | 8,890 |
| Miscellaneous Expense | - | 500 | 3,183 | 532 | - | 3,715 |
| Depreciation | - | - | 1,977 | - | - | 1,977 |
| Total Expenses | \$43,556 | \$114,063 | \$1,340,918 | \$80,863 | \$50,525 | \$1,472,306 |

See notes to financial statements and independent auditors' report.

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