

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

Financial Statements  
for the Years Ended  
December 31, 2013 and 2012  
and Independent Auditors' Report

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

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FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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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, 2013 and 2012, 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, 2013 and 2012, 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.

*Lacey, Cecil & Assoc., Ltd.*

Locey, Cecil & Associates, Ltd.

Certified Public Accountants

Cincinnati, Ohio

July 24, 2014

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

STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 305,154	\$ 303,233
Total current assets	305,154	303,233
PROPERTY AND EQUIPMENT:		
Office furniture and equipment	16,943	1,632
Total property and equipment	16,943	1,632
Less accumulated depreciation	1,977	1,632
Net property and equipment	14,966	-
TOTAL ASSETS	<u>\$ 320,120</u>	<u>\$ 303,233</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable-operations	\$ 9,852	\$ 12,896
Accrued wages and payroll taxes payable	2,968	-
Employee benefits payable	450	-
Total current liabilities	13,270	12,896
TOTAL LIABILITIES	13,270	12,896
NET ASSETS:		
Net assets-unrestricted	141,030	103,986
Net assets- temporarily restricted	165,820	186,351
NET ASSETS	306,850	290,337
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 320,120</u>	<u>\$ 303,233</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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>CHANGE IN NET ASSETS</u>		
REVENUE AND SUPPORT		
Unrestricted contributions	\$ 285,399	\$ 276,812
Temporarily restricted contributions	903,904	824,783
Fundraising event contributions	28,402	67,859
Donated goods and services (see Note 5)	271,050	43,090
Other income	64	54
	<u>1,488,819</u>	<u>1,212,598</u>
TOTAL REVENUE AND SUPPORT		
EXPENSES (See pages 9-12)		
Program services	1,340,918	1,168,485
Management and General	80,863	81,176
Fundraising	50,525	62,434
	<u>1,472,306</u>	<u>1,312,095</u>
Total expenses		
Increase (decrease) in Net Assets from Activities	<u>\$ 16,513</u>	<u>\$ (99,497)</u>
<u>NET ASSETS</u>		
Beginning balance		
Unrestricted net assets	103,986	203,622
Temporarily restricted net assets	186,351	186,212
	<u>290,337</u>	<u>389,834</u>
Total Beginning of year		
Change in Unrestricted	37,044	(99,636)
Change in Temporarily Restricted	(20,531)	139
	<u>16,513</u>	<u>(99,497)</u>
Total Change in Net Assets		
End of Year		
Unrestricted net assets	141,030	103,986
Temporarily restricted net assets	165,820	186,351
	<u>306,850</u>	<u>290,337</u>
Total End of year		

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, 2013 AND 2012

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CASH FLOWS FROM OPERATING ACTIVITIES

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN  
OPERATING ACTIVITIES

Increase (decrease) in Net Assets from Activities	\$ 16,513	\$ (99,497)
Adjustments to reconcile change in net assets to net change in cash:		
Depreciation	1,977	
Change in assets and liabilities:		
Accounts payable-trade	(3,044)	(6,441)
Accrued expenses	3,418	-
	<hr/>	<hr/>
NET CASH USED IN (PROVIDED BY) OPERATING ACTIVITIES	18,864	(105,938)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(16,943)	-
	<hr/>	<hr/>
Net cash used for investing activities	(16,943)	-
NET CHANGE IN CASH	1,921	(105,938)
CASH - BEGINNING OF YEAR	303,233	409,171
	<hr/>	<hr/>
CASH - END OF YEAR	\$ 305,154	\$ 303,233
	<hr/>	<hr/>

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, 2013 AND 2012

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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 Schedule of Activities and Changes in Net Assets on page 4 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, 2013 and 2012, 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 \$271,050 and \$43,090 in the years ended December 31, 2013 and 2012, 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 for the years ended December 31, 2013 and 2012, respectively.

### 6. RELATED PARTY PAYMENTS

Consulting fees in the amount of \$76,250 and \$70,000 were paid to Ken Bever, the President of the Board of Directors during 2013 and 2012 respectively. Mr. Bever also received \$3,780 and \$2,796 in 2013 and 2012 respectively for reimbursement of labor costs paid while in Haiti. In addition, the Vice-President of the Board of Directors, Tonya Hunt, received \$3,780 for reimbursement of labor

costs during 2013, and the Treasurer of the Board of Directors, Jennifer Anthony received \$1,710 for reimbursement of labor costs during 2013. The labor costs included security for the clinic, translators, drivers, and other casual labor in support of the Organization's mission.

7. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 13, 2014, 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, 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	-
Other Wages	5,490	1,920	-	-	-	275
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
Event Expenses	-	-	-	-	-	-
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	-	-	-	-	-	-
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	-
<b>Total Expenses</b>	<b>\$541,378</b>	<b>\$217,952</b>	<b>\$86,488</b>	<b>\$130,421</b>	<b>\$151,490</b>	<b>\$55,570</b>

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
Contracted Services	440	1,145	9,270	-	-	9,270
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
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
<b>Total Expenses</b>	<b>\$43,556</b>	<b>\$114,063</b>	<b>\$1,340,918</b>	<b>\$80,863</b>	<b>\$50,525</b>	<b>\$1,472,306</b>

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, 2012

	Child Education Sponsorship	Orphan Care Sponsorship	Mission Trip Ministry	Crisis Relief Ministry	Program Services US Operations	General Haiti Operations
Grants	\$373,563	\$115,405	\$13,280	\$44,567	\$137,064	\$21,751
Payroll Expenses	-	-	-	-	62,922	-
Other Wages	-	650	-	-	-	50
Travel Expense	570	-	54,737	-	4,250	1,202
Consulting Expense	-	-	-	-	35,000	-
Supplies & Materials	3,555	10,165	38,469	-	-	780
Postage/Shipping	-	-	159	-	3,107	7
Printing & Publications	-	-	339	-	1,755	17
Event Expenses	-	-	-	-	-	-
Information Technology	122	-	-	-	3,031	868
Conferences	-	-	-	-	-	-
Repairs & Maintenance	-	4,315	-	-	-	3,745
Office Supplies	98	-	24	-	2,980	429
Food & Water	3,517	899	-	-	-	-
Merchant Fees	-	-	-	-	-	-
Telephone	195	174	42	-	3,262	1,340
Legal & Professional Fees	-	-	-	-	-	-
Health Care	3,817	32	200	-	-	-
Insurance	-	-	1,489	-	-	-
Bank Fees	-	-	-	-	920	-
Management Meals	-	-	-	-	-	-
Education & Training	322	-	-	-	-	-
Miscellaneous Expense	-	-	-	-	41	-
<b>Total Expenses</b>	<b>\$385,759</b>	<b>\$131,640</b>	<b>\$108,739</b>	<b>\$44,567</b>	<b>\$254,332</b>	<b>\$30,189</b>

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

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Community Development	Cite Soleil Ministry	Other Programs	Total Programs	Management and General	Fundraising	Total Expenses
Grants	\$40,980	\$9,530	\$108,483	\$864,623	\$0	\$0	\$864,623
Payroll Expenses	-	-	-	62,922	26,456	13,860	103,238
Other Wages	2,096	-	-	2,796	-	-	2,796
Travel Expense	4,294	-	1,247	66,300	2,284	4,248	72,832
Consulting Expense	-	-	-	35,000	19,300	17,500	71,800
Supplies & Materials	14,206	-	892	68,067	-	-	68,067
Postage/Shipping	15	-	13,262	16,550	2,406	354	19,310
Printing & Publications	-	-	1,354	3,465	4,310	8,739	16,514
Event Expenses	-	-	-	-	-	15,209	15,209
Information Technology	1,244	-	-	5,265	7,529	1,066	13,860
Conferences	-	-	11,360	11,360	493	955	12,798
Repairs & Maintenance	1,429	-	200	9,689	-	-	9,689
Office Supplies	-	-	356	3,887	2,003	373	6,263
Food & Water	-	-	1,747	6,163	-	-	6,163
Merchant Fees	-	-	-	-	6,011	-	6,011
Telephone	191	-	-	5,204	791	-	5,995
Legal & Professional Fees	-	-	-	-	4,965	-	4,965
Health Care	50	-	-	4,099	-	-	4,099
Insurance	-	-	-	1,489	2,161	-	3,650
Bank Fees	-	-	-	920	1,018	-	1,938
Management Meals	-	-	-	-	1,220	130	1,350
Education & Training	-	-	323	645	-	-	645
Miscellaneous Expense	-	-	-	41	239	-	280
<b>Total Expenses</b>	<b>\$64,505</b>	<b>\$9,530</b>	<b>\$139,224</b>	<b>\$1,168,485</b>	<b>\$81,176</b>	<b>\$62,434</b>	<b>\$1,312,095</b>

See notes to financial statements and independent auditors' report.