

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

INDEX

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
STATEMENT OF FUNCTIONAL EXPENSES	6
NOTES TO THE FINANCIAL STATEMENTS	7

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hope for Haiti's Children Ministries, Inc.
Cincinnati, Ohio

We have audited the accompanying financial statements of Hope for Haiti's Children Ministries, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows, and functional expenses for the year 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 U.S. generally accepted accounting principles. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

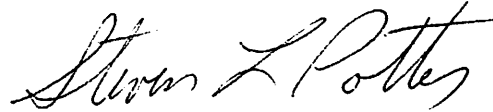
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 do not express such an 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, 2015 and the changes in its net assets and cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in black ink, reading "Steven L. Potts". The signature is written in a cursive style with a large, stylized initial "S".

August 3, 2016

Certified Public Accountant

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

	2015
CURRENT ASSETS	
Cash	\$ 380,535
Accounts receivable	1,683
Prepaid expenses	1,205
TOTAL CURRENT ASSETS	383,423
NON CURRENT ASSETS	
Pledges receivable, net--restricted (Note 5)	3,183,938
TOTAL ASSETS	\$3,567,361

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 38,628
Salaries and payroll taxes payable	14,487
Employee benefit payable	438
TOTAL CURRENT LIABILITIES	53,553
NET ASSETS	
Unrestricted	99,635
Temporarily restricted	3,414,173
TOTAL NET ASSETS	3,513,808
TOTAL LIABILITIES AND NET ASSETS	\$3,567,361

SEE NOTES TO FINANCIAL STATEMENTS

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	2015		
	Unrestricted	Temporarily Restricted	Total
OPERATING REVENUES			
Contributions	\$ 382,375	\$ 1,228,273	\$ 1,610,648
Pledges income, net	-	180,140	180,140
Donated goods and services	3,627	497,434	501,061
Fundraising events (Note 8)	38,605	-	38,605
Other income	15,832	-	15,832
Assets released from restrictions	1,644,755	(1,644,755)	-
TOTAL REVENUE	2,085,194	261,092	2,346,286
OPERATING EXPENSES			
Program (Note 12)	1,876,777	-	1,876,777
General and administrative	151,742	-	151,742
Fundraising	142,272	-	142,272
TOTAL EXPENSES	2,170,791	-	2,170,791
INCREASE (DECREASE) IN NET ASSETS	(85,597)	261,092	175,495
			-
NET ASSETS - BEGINNING	185,232	3,153,081	3,338,313
NET ASSETS - ENDING	\$ 99,635	\$ 3,414,173	\$ 3,513,808

SEE NOTES TO FINANCIAL STATEMENTS

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 175,495
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable	(1,683)
Pledges receivable	(180,140)
Prepaid expense	(1,205)
Increase (decrease) in:	
Accounts payable	22,907
Accrued payroll taxes	11,344
Employee benefits payable	(2,937)
	23,781
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,781
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,781
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	356,754
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 380,535

SEE NOTES TO FINANCIAL STATEMENTS

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Compensation and related expenses				
Compensation	\$ 56,622	\$ 60,915	\$ 73,845	\$ 191,382
Employee benefits	4,130	686	10,017	14,834
Payroll Taxes	4,119	4,275	5,563	13,956
Total compensation and related expense	<u>64,871</u>	<u>65,876</u>	<u>89,425</u>	<u>220,172</u>
Grants	1,506,428	-	-	1,506,428
Travel	110,989	8,131	10,591	129,711
Consulting	38,529	25,701	19,264	83,494
Office supplies	50,109	3,555	1,491	55,155
Staff expense	28,390	6,427	-	34,817
Postage	26,651	1,628	4,637	32,916
Printing	6,461	3,167	14,668	24,296
Information technology	6,715	8,534	1,247	16,496
Conferences and meetings	13,139	1,182	-	14,321
Bank Fees	1,217	12,870	-	14,087
Contract services	9,171	-	-	9,171
Telephone	7,358	1,160	-	8,518
Professional fees	-	6,287	-	6,287
Other expenses	704	3,019	949	4,672
Repairs and maintenance	4,532	-	-	4,532
Insurance	1,513	2,005	-	3,518
Rent	-	2,200	-	2,200
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 1,876,777</u>	<u>\$ 151,742</u>	<u>\$ 142,272</u>	<u>\$ 2,170,791</u>

SEE NOTES TO FINANCIAL STATEMENTS

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 1--THE 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.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting and Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with U.S generally accepted accounting principles.

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly the organization's net assets and changes therein are classified and reported as unrestricted assets, temporarily restricted assets and permanently restricted assets. Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as a release from restriction in the statement of activities. Contributions whose restrictions are met within the same reporting period are reported as unrestricted net assets.

b. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

c. Tax Status

As a non-profit corporation, the profits and losses for the Organization are exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, these financial statements do not reflect a provision for income taxes and the organization has no other tax position which must be considered for disclosure.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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 is generally subject to examination by the internal revenue service for three years after the date filed.

d. Functional Expenses

The cost of programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Management has made certain allocations of expenses among program, administrative and fund raising expenses according to their judgment of the categories receiving the benefit.

e. Property and equipment

Property and equipment are stated at cost on the date of purchase, if purchased or at the estimated fair values on the date of contribution, if contributed. Depreciation is computed on a straight line basis over an estimated useful life of five years. Donations of property and equipment are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are charged to expense as incurred. Major additions, improvements and renewals are capitalized.

Long lived assets and certain identifiable intangibles held and used by the organization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

f. Cash and Cash Equivalents

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.

g. Donated Goods and Services

During the year ended December 31, 2015, the organization received various goods and services in connection with its program activities. The fair value of donated goods and services used in the operation of its programs totaled \$501,061 in the year ended December 31, 2015.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

h. Contributions

Contributions, which include unconditional promises to give (pledges receivable) are recognized as revenue at fair value when received or pledged. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at risk adjusted rates commensurate with the duration of donor's contribution plan. These inputs to the fair value estimates are considered as Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. An allowance for uncollectible contributions is estimated based upon prior year collection history and analysis of past due amounts.

i. Subsequent Events

In connection with the preparation of the financial statement, the Organization evaluated subsequent events from December 31, 2015 through August 3, 2016, which was the date the audit report was available for issuance, and has concluded that there are no subsequent events for disclosure.

NOTE 3--STATEMENT OF CASH FLOWS--SUPPLEMENTAL INFORMATION

No income or excise taxes were paid in the year ended December 31, 2015. No interest expense was paid in the year ended December 31, 2015.

NOTE 4--FAIR VALUATION OF FINANCIAL INSTRUMENTS

FASB ASC 825-10 requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of instruments. FASB ASC 825-10 excludes certain financial instruments and nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Organization.

The amounts reflected in the balance sheets for cash, accounts receivable, and short-term borrowings approximate their respective fair values due to the short term maturities of the instruments. The carrying value of pledges receivable also approximates fair value because its

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

value is based on estimated future cash flows using a discount rate commensurate with the risks involved.

NOTE 5—PLEDGES RECEIVABLE, NET

Pledges receivable consisted of the following as on December 31, 2015:

	2 0 1 5
Due within 1 year	\$ 703,250
Due in 2 to 5 years	2,190,382
Due beyond 5 years	1,183,300
	4,076,932
Less allowance for uncollectible pledges	(170,613)
Less discount to present value	(722,381)
Pledges receivable, net	\$ 3,183,938

Pledges receivable are reported using a discount rate of 5%.

NOTE 6—RESTATEMENT OF OPENING TEMPORARILY RESTRICTED NET ASSETS

The opening balance of temporary restricted net asset has been restated to include the discounted pledges receivable to the organization as of 12-31-2014.

Closing balance as of 12-31-2014	\$ 149,283
Add initial recognition of pledges receivable	3,003,798
Opening balance as of 01-01-2015	\$ 3,153,081

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 7--TEMPORARILY RESTRICTED NET ASSETS

Net assets are temporarily restricted as of December 31 for the following purposes:

	<u>2 0 1 5</u>
Child education sponsorship	\$ 38,329
Orphan care sponsorship	11,024
Cite Soleil operation and nutrition	39,224
Mission trip ministry	48,631
Vocational training	2,608
Special gifts	72,797
Crisis relief	9,542
General Haiti operations	8,080
Pledges receivable	3,183,938
	\$ 3,414,173

NOTE 8--FUND RAISING EVENTS

The following events contributed to the resources available for programs during the years ended December 31, 2015.

	<u>Revenue</u>	<u>2 0 1 5 Expenses</u>	<u>Net Profit</u>
Breakfasts	\$ 39,234	\$ 5,942	\$ 33,292
Other events	9,792	4,479	5,313
	\$ 49,026	\$ 10,421	\$ 38,605

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 9--CONCENTRATIONS OF RISK

The Federal Deposit Insurance Corporation insures cash balances at participating banks at amounts up to \$250,000. The Organization had \$ 53,432 of uninsured balances as of December 31, 2015. The uninsured balances are computed on the balances on deposit with the bank as of December 31 and do not take into consideration outstanding checks or deposits. 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.

NOTE 10-- CREDIT LINE

The Organization has an unsecured line of credit of \$45,000 on a credit card. The available credit as of December 31, 2015 was \$ 38,022.

NOTE 11—RELATED PARTY TRANSACTIONS

Kenneth Bever, President, received consulting fees in the amount of \$ 83,494 during the year ended December 31, 2015.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 12- Program Activities

A summary of program activities by sector and type for the year ended December 31, 2015 is as follows:

	2015										
	Child education	Orphan care sponsorship	Adult education	Mission trip ministry	Lunch program	Domestic operations	General Haiti	Community development	School development	Other programs	Total program
Grants	\$ 898,144	\$ 187,797	\$ 13,407	\$ 2,885	\$ 42,761	\$ 48,304	\$ 66,239	\$ 39,209	\$ 128,040	\$ 79,643	1,506,429
Travel	6,903	-	-	77,314	60	9,230	2,759	8,119	1,325	5,279	110,989
Compensation and related expense	-	-	-	-	-	64,871	-	-	-	-	64,871
Office supplies	8,560	10,274	-	352	-	1,941	2,119	905	19,994	5,964	50,109
Consulting	-	-	-	-	-	38,529	-	-	-	-	38,529
Staff Expense	14,124	8,651	350	929	-	-	276	3,540	-	520	28,390
Postage	-	-	-	723	700	4,372	862	29	1,500	18,465	26,651
Conferences and meetings	-	-	-	-	-	-	-	-	-	13,139	13,139
Contract Services	5,525	-	-	290	-	-	795	145	280	2,135	9,170
Telephone	1,463	1,033	-	-	-	1,741	2,836	241	-	43	7,358
Information Technology	-	103	-	-	-	4,264	2,317	31	-	-	6,715
Printing	438	13	-	870	-	3,091	-	450	109	1,489	6,460
Repairs and maintenace	470	1,922	-	1,241	-	900	-	-	-	-	4,533
Insurance	-	-	-	1,513	-	-	-	-	-	-	1,513
Bank fees	-	-	-	-	-	1,217	-	-	-	-	1,217
Other Expenses	492	-	-	112	100	-	-	-	-	-	704
Total expenses	\$ 936,119	\$ 209,793	\$ 13,757	\$ 86,229	\$ 43,621	\$ 178,460	\$ 78,203	\$ 52,669	\$ 151,248	\$ 126,677	\$ 1,876,777