

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.

Audited Financial Statements
and Supplementary Information

For the Years Ended December 31, 2020 and 2019

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
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Anderson-Kurtz

Financial Services LLC

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. (an Ohio nonprofit corporation, the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, statement functional expenses and cash flows 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 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.

Auditor's 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. 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 20 is presented for purposes of additional analysis and is not a required 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.

The financial statements of Hope for Haiti's Children Ministries, Inc. for the year ended December 31, 2019 were audited by a predecessor auditor whose unmodified report was issued on May 12, 2020. The supplementary information on pages 20 for period ended December 31, 2019 was included in that report.

Anderson-Kurtz Financial Services LLC

Anderson-Kurtz Financial Services LLC
Cincinnati, Ohio
March 31, 2021

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 521,154	\$ 786,363	\$ 1,307,517
Prepaid expenses	16,722	-	16,722
Pledges receivable, current portion	-	1,258,469	1,258,469
Total current assets	<u>537,876</u>	<u>2,044,832</u>	<u>2,582,708</u>
NON-CURRENT ASSETS			
Pledges receivable, net	-	3,581,574	3,581,574
Investments	198,676	-	198,676
Total non-current assets	<u>198,676</u>	<u>3,581,574</u>	<u>3,780,250</u>
TOTAL ASSETS	<u><u>\$ 736,552</u></u>	<u><u>\$ 5,626,406</u></u>	<u><u>\$ 6,362,958</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 25,170	\$ -	\$ 25,170
Salaries and payroll taxes payable	23,585	-	23,585
Employee benefit payable	13,713	-	13,713
TOTAL CURRENT LIABILITIES	<u>62,468</u>	<u>-</u>	<u>62,468</u>
NET ASSETS	<u>674,084</u>	<u>5,626,406</u>	<u>6,300,490</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 736,552</u></u>	<u><u>\$ 5,626,406</u></u>	<u><u>\$ 6,362,958</u></u>

See accompanying notes and independent auditor's report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 309,825	\$ 464,200	\$ 774,025
Prepaid expenses	12,095	-	12,095
Pledges receivable, current portion	-	1,264,284	1,264,284
Total current assets	321,920	1,728,484	2,050,404
NON-CURRENT ASSETS			
Pledges receivable, net	-	3,289,939	3,289,939
Investments	152,294	-	152,294
Total non-current assets	152,294	3,289,939	3,442,233
TOTAL ASSETS	\$ 474,214	\$ 5,018,423	\$ 5,492,637
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 34,128	\$ -	\$ 34,128
Salaries and payroll taxes payable	18,271	-	18,271
Employee benefit payable	4,938	-	4,938
TOTAL CURRENT LIABILITIES	57,337	-	57,337
NET ASSETS	416,877	5,018,423	5,435,300
TOTAL LIABILITIES AND NET ASSETS	\$ 474,214	\$ 5,018,423	\$ 5,492,637

See accompanying notes and independent auditor's report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 1,077,837	\$ 2,058,282	\$ 3,136,119
Pledges income, net	-	311,323	311,323
Government grants	91,600	-	91,600
Donated goods and services	15,514	537,094	552,608
Gross special event revenue	130,292	19,406	149,698
Less direct donor benefit costs	(2,358)	-	(2,358)
Net special event revenue	127,934	19,406	147,340
Net investment return	14,560	-	14,560
Assets released from restrictions	2,318,122	(2,318,122)	-
TOTAL REVENUE AND PUBLIC SUPPORT	3,645,567	- 607,983	- 4,253,550
OPERATING EXPENSES			
Program expenses	3,005,114	-	3,005,114
General and administrative	218,605	-	218,605
Fundraising	164,641	-	164,641
TOTAL OPERATING EXPENSES	3,388,360	-	3,388,360
CHANGE IN NET ASSETS FROM OPERATIONS	257,207	607,983	865,190
NET ASSETS, BEGINNING OF YEAR	416,877	5,018,423	5,435,300
NET ASSETS, END OF YEAR	\$ 674,084	\$ 5,626,406	\$ 6,300,490

See accompanying notes and independent auditor's report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 767,538	\$ 1,916,916	\$ 2,684,454
Pledges income, net	-	262,944	262,944
Donated goods and services	18,896	480,511	499,407
Gross special event revenue	161,166	2,500	163,666
Less direct donor benefit costs	(26,897)	-	(26,897)
Net special event revenue	134,269	2,500	136,769
Net investment return	9,129	-	9,129
Assets released from restrictions	2,285,571	(2,285,571)	-
TOTAL REVENUE AND PUBLIC SUPPORT	3,215,403	377,300	3,592,703
OPERATING EXPENSES			
Program expenses	2,828,779	-	2,828,779
General and administrative	195,703	-	195,703
Fundraising	127,838	-	127,838
TOTAL OPERATING EXPENSES	3,152,320	-	3,152,320
CHANGE IN NET ASSETS FROM OPERATIONS	63,083	377,300	440,383
NET ASSETS, BEGINNING OF YEAR	353,794	4,641,123	4,994,917
NET ASSETS, END OF YEAR	\$ 416,877	\$ 5,018,423	\$ 5,435,300

See accompanying notes and independent auditor's report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Direct Donor Benefit Costs</u>	<u>Total Expenses</u>
OPERATING EXPENSE					
COMPENSATION AND RELATED EXPENSES					
Compensation	\$ 343,577	\$ 92,825	\$ 93,432	\$ -	\$ 529,834
Payroll taxes	25,231	7,508	6,784	-	39,523
Employee benefits	17,392	3,586	7,412	-	28,390
Total compensation and related expenses	386,200	103,919	107,628	-	597,747
OTHER EXPENSES					
Grants	1,764,705	-	-	-	1,764,705
Travel	48,956	346	1,067	-	50,369
Supplies and materials	168,175	-	-	-	168,175
Postage and shipping	47,455	2,442	2,570	-	52,467
Information technology	4,318	20,880	1,217	-	26,415
Printing	6,192	3,757	21,477	-	31,426
Bank fees	1,614	21,820	-	-	23,434
Conferences, education, training	500	1,353	40	-	1,893
Professional fees	-	24,108	2,890	-	26,998
Contract and consulting services	13,375	249	5,000	-	18,624
Telephone	8,391	2,173	41	-	10,605
Office supplies	6,945	4,405	1,714	-	13,064
Repairs and maintenance	150	-	-	-	150
Insurance	2,938	3,089	-	-	6,027
Other expenses	92	4,711	636	-	5,439
Event expense	-	(150)	12,861	2,358	15,069
In-kind donations	545,108	-	7,500	-	552,608
Bad debt expense	-	25,503	-	-	25,503
Reserved for MGM fees	-	-	-	-	-
Total other expenses	2,618,914	114,686	57,013	2,358	2,792,971
TOTAL OPERATING EXPENSES	<u>\$ 3,005,114</u>	<u>\$ 218,605</u>	<u>\$ 164,641</u>	<u>\$ 2,358</u>	<u>\$ 3,390,718</u>

See accompanying notes and independent auditor's report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Direct Donor Benefit Costs</u>	<u>Total Expenses</u>
OPERATING EXPENSE					
COMPENSATION AND RELATED EXPENSES					
Compensation	\$ 270,732	\$ 88,467	\$ 73,532	\$ -	\$ 432,731
Payroll taxes	20,326	6,735	5,438	-	32,499
Employee benefits	<u>12,179</u>	<u>4,485</u>	<u>4,748</u>	<u>-</u>	<u>21,412</u>
Total compensation and related expenses	303,237	99,687	83,718	-	486,642
OTHER EXPENSES					
Grants	1,667,919	-	-	-	1,667,919
Travel	107,775	5,743	18,682	-	132,200
Supplies and materials	137,624	-	-	3,216	140,840
Postage and shipping	33,185	2,617	1,674	-	37,476
Information technology	10,365	14,306	2,026	-	26,697
Printing	7,093	3,415	17,682	-	28,190
Bank fees	1,552	21,808	-	-	23,360
Conferences, education, training	14,055	1,749	6	-	15,810
Professional fees	-	17,162	1,000	-	18,162
Contract and consulting services	21,525	-	22	-	21,547
Telephone	8,969	2,094	-	-	11,063
Office supplies	7,543	5,057	1,251	-	13,851
Repairs and maintenance	3,499	-	-	-	3,499
Insurance	3,445	1,429	-	-	4,874
Other expenses	236	834	1,712	-	2,782
Event equipment rental	-	-	-	1,913	1,913
Event facility	-	-	-	6,675	6,675
Event food	-	-	-	13,305	13,305
Staff expense	105	2,694	65	-	2,864
In-kind donations	480,511	17,108	-	1,788	499,407
Bad debt expense	<u>20,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,141</u>
Total other expenses	<u>2,525,542</u>	<u>96,016</u>	<u>44,120</u>	<u>26,897</u>	<u>2,692,575</u>
TOTAL OPERATING EXPENSES	<u>\$ 2,828,779</u>	<u>\$ 195,703</u>	<u>\$ 127,838</u>	<u>\$ 26,897</u>	<u>\$ 3,179,217</u>

See accompanying notes and independent auditor's report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 865,190	\$ 440,383
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized (gain) loss on investments	(4,582)	(3,027)
(Increase) decrease in		
Pledges receivable	(285,820)	(242,803)
Prepaid expense	(4,627)	6778
Increase (decrease) in		
Accounts payable	(8,958)	4,565
Accrued expenses	14,089	514
Net cash provided by operating activities	575,292	206,410
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	\$ (276,197)	(55,815)
Proceedures from sale of investments	234,397	146,727
Net cash used by investing activities	(41,800)	90,912
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note	(10,000)	-
Proceeds from note payable	10,000	-
Net cash used by financing activities	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	533,492	297,322
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	774,025	476,703
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,307,517	\$ 774,025

See accompanying notes and independent auditor's report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. ORGANIZATION AND NATURE OF ACTIVITIES

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 needs of the children are met through an education sponsorship program, health care services, orphan care and crisis relief efforts. The Organization is dependent upon contributions from the public and volunteers for its support.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs and net return from investments. Non-operating activities include other activities considered to be of a more unusual or nonrecurring nature. The Organization did not have non-operating activities in 2020 and 2019.

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

As of December 31, 2020 and 2019, the Organization had cash balances of approximately \$633,227 and \$163,236, respectively, in excess of federally insured limits.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Pledges Receivable

The Organization receives pledges for child sponsorships from various organizations and individuals. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is calculated at 1.25% above federal prime rate. Discount amortization is included in contribution revenue.

The allowance for uncollectible pledges is determined based on management's evaluation of the collectability of individual promises. For the year ended December 31, 2020, management estimates an allowance of 3.5% of gross pledges receivable, consistent with years ended December 31, 2018 and 2017. For the year ended December 31, 2019, management estimated an allowance of 11% of gross pledges receivable due to factors related to COVID-19.

Individual pledges that are stopped or discontinued during the year due to non-payment are written off unless the donors indicate that payment is merely postponed.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investments primarily consist of marketable bank-issued FDIC insured certificates of deposit which range from 6 months maturity up to 4 years maturity.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that priorities investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Fair Value Measurements, continued

These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:

- quoted prices for similar assets/liabilities in active markets;
- quoted prices for identical or similar assets in non-active markets;
- inputs other than quoted prices that are observable for the asset or liability; and,
- inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

Net Assets

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. These net assets may be used at the discretion of the Organization's management and board of directors for any purpose in performing the primary objectives of the Organization.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization currently does not have net assets with restrictions that are perpetual in nature.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of beneficial interest is 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. As of December 31, 2020 and 2019, the Organization did not have conditional promises to give.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Revenue Recognition,
continued**

Government revenue reflected in the statement of activities for the year ended December 31, 2020 represents the forgiven portion of a Small Business Association (SBA) Paycheck Protection Program (PPP) loan in the amount of \$91,600. Using the government grant model under FASB ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*, the Organization recognized the amount as a government grant, in substance. See Note 10.

Special events revenue is comprised of an exchange element based upon the direct benefits donors received and a contribution element for the difference. The exchange element, equal to the fair value of direct benefits to donors, is recognized when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place. All special event revenue was contribution revenue for the years ended December 31, 2020 and 2019.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time in furtherance of the Organization's mission; however, the financial statements do not reflect the value of these contributed services because they do not meet the criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair value of the services received. The Organization received \$7,500 and \$1,100 of donated professional services for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

The Organization is an Ohio nonprofit corporation and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report any unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

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

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

In 2020, approximately 89% of the Organization's total expenses related to program services, 6% to management and general services, and 5% to fundraising activities. In 2019, approximately 90% of the Organization's total expenses related to program services, 6% to management and general services, and 4% to fundraising activities.

Reclassification

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform with the presentation in the current year.

Recent Accounting Pronouncement

Lease Accounting Standard

In February 2016, the FASB issued ASU No. 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending December 31, 2021.

Date of Management's Review

Subsequent events have been evaluated through March 31, 2021, the date the financial statements were available to be issued.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general expenditure at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,307,517	\$ 774,025
Investments	<u>198,676</u>	<u>152,294</u>
Subtotal, cash and investments	1,506,193	926,319
Pledges receivable due in one year	<u>1,258,469</u>	<u>1,264,284</u>
Financial assets available to meet general expenditures over next 12 months	<u>\$ 2,764,662</u>	<u>\$ 2,190,603</u>

Average monthly expenses to maintain the Organization's operations in the US are approximately \$55,000. Normal, recurring monthly expenses to maintain operations in Haiti are approximately \$62,000. Cash flows fluctuate throughout the year due to the timing and nature of pledges receivable. Thus, it is the Organization's goal to maintain available cash and investments sufficient to cover approximately three (3) months of combined US and Haiti operational expenses (approximately \$350,000).

Non-recurring expenses in Haiti are project oriented and special in nature. On a monthly basis, they average from \$60,000 to \$100,000. Cash flows from pledges receivable generally cover these expenses.

4. PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 1,258,469	\$ 1,264,284
One to five years	3,499,209	3,672,693
Due beyond five years	<u>803,233</u>	<u>1,081,440</u>
	5,560,911	6,018,417
Less allowance for uncollectible pledges	(194,632)	(662,026)
Less discount to present value	<u>(562,236)</u>	<u>(802,168)</u>
	<u>\$ 4,804,043</u>	<u>\$ 4,554,223</u>

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

5. INVESTMENTS

Investments at December 31, 2020 and 2019 consisted of the following:

	2020		2019	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities	\$ 5,711	\$ 5,316	\$ -	\$ -
Fixed Income	<u>192,965</u>	<u>190,000</u>	<u>152,294</u>	<u>150,000</u>
Total	<u>\$ 198,676</u>	<u>\$ 195,316</u>	<u>\$ 152,294</u>	<u>\$ 150,000</u>

The Organization recorded interest income of \$9,978 and \$6,102 for the years ended December 31, 2020 and 2019, respectively. The Organization recorded unrealized gains of \$4,582 and \$3,027 for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, all investments were considered level 1 investments.

6. NET ASSETS

Net assets with donor restrictions for the years ended December 31, were as follows:

	<u>2020</u>	<u>2019</u>
Passage of time - receivables	\$ 4,840,043	\$ 4,554,223
Purpose restrictions		
Child education and vocational	239,124	218,381
Orphanage operations	22,784	8,189
Mission trips	8,700	20,493
School lunch program	126,027	84,941
Thomazeau Hope Center	180,931	20,626
Thomazeau Camp Hope	6,596	1,000
Thomazeau Church	18,154	42,610
Crisis relief	981	55
Joy Box/Gift Ministry	(704)	4,015
General Haiti operations	58,615	20,625
School development	<u>125,155</u>	<u>43,265</u>
Subtotal - purpose restrictions	<u>786,363</u>	<u>464,200</u>
Total net assets with donor restrictions	<u>\$ 5,626,406</u>	<u>\$ 5,018,423</u>

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NET ASSETS, continued

Net assets without donor restrictions for the years ended December 31, were as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	<u>\$ 674,084</u>	<u>\$ 416,877</u>

Net assets released from net assets with donor restrictions for the years ended December 31, were as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of time restrictions	\$ 1,264,284	\$ 1,135,633
Satisfaction of purpose restrictions	<u>1,053,838</u>	<u>1,149,938</u>
Total released from restrictions	<u>\$ 2,318,122</u>	<u>\$ 2,285,571</u>

7. FUNDRAISING EVENTS

Breakfast fundraising events contributed to the resources available for programs during the years ended December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Special event revenue	\$ 149,698	\$ 163,666
Cost of direct donor benefits	<u>(2,358)</u>	<u>(26,897)</u>
Net special event revenue	<u>\$ 147,340</u>	<u>\$ 136,769</u>

8. LINE OF CREDIT

The Organization has an unsecured line of credit of \$71,100 on credit cards as of December 31, 2020. Available credit as of December 31, 2020 was approximately \$66,000. As of December 31, 2019, the unsecured line of credit was \$71,000 on the credit cards with available credit of approximately \$65,000.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

9. DONATED GOODS AND SERVICES

The Organization received various goods and services in connection with its program activities. The quantity and fair value of donated goods and services used in the operations of its programs for the years ended December 31, 2020 and 2019 were as follows:

	2020	
	Quantity	Value
Drugs and medical supplies	1,627	210,145
Food inventory	2,814	156,324
Other supplies	39,805	93,275
Joy boxes	3,094	77,350
Office space	2	8,014
Information technology	1	7,500
	47,343	\$ 552,608

	2019	
	Quantity	Value
Drugs and medical supplies	54,704	217,537
Food inventory	2,800	154,463
Other supplies	25,069	37,036
Joy boxes	3,047	76,175
Office space	2	7,368
Information technology	7	3,940
Fundraising quilts	6	1,788
Transportation services	1	1,100
	85,636	\$ 499,407

10. PAYCHECK PROTECTION PROGRAM (PPP)

In 2020, the Organization participated in the Small Business Association (SBA) Paycheck Protection Program (PPP), receiving an advance of \$10,000 in April, 2020, and a loan in the amount of \$91,600 at an interest rate of 1% in May, 2020. Under the terms of the program, a borrower's loan will be forgiven, equal to eligible expenses incurred during the loan's qualifying period, provided the borrower meets all of the loan's employee-retention criteria.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

PAYCHECK PROTECTION PROGRAM (PPP), continued

Using the government grant model under FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition, the Organization recognized the following amounts in the financial statements as of December 31, 2020:

	2020
Economic Injury Disaster Loan (EIDL) advance	\$ 10,000
SBA PPP loan disbursement	91,600
Total received	101,600
Less unforgiven portion of SBA PPP loan, repaid in December 2020	(10,000)
Net recognized as government grant revenue	\$ 91,600

The unforgiven portion of the SBA PPP loan and repayment are reflected in the statement of cash flows. Government grant revenue of \$91,600 is recognized in the statement of activities as operating revenue. Forgiveness also included \$367 in accumulated interest.

11. SUBSEQUENT EVENTS – COVID-19

The Organization evaluated its December 31, 2020 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of COVID-19, coronavirus, economic uncertainties may impact future pledges receivable. Due to the generosity of donors during the pandemic, the allowance for doubtful accounts was decreased 11% as of December 31, 2019 to 3.5% as of December 31, 2020. Other financial impact may occur though such potential impact is unknown at this time.

In March, 2021, the Organization established an endowment fund (the Fund) at community foundation (the CF) with an initial investment of \$25,000. The Organization’s purpose in establishing the Fund is to encourage its supporters to make legacy gifts and to create a stable and growing source of revenue to support the Organization’s mission. Contributions to the Fund conveyed by or on behalf of the Organization and its supporters are irrevocable.

In April, 2021, the Organization received forgiveness in the form of a refund of approximately \$10,000 of previously unforgiven SBA PPP loan proceeds.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
SCHEDULE OF PROGRAM EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (TOTAL)

	Child Education	Program Services-U.S.	Orphanage Operations	Mission Trips	School Lunch Program	Thomazeau Hope Center	Thomazeau Camp Hope	Thomazeau Church	Crisis Relief	Joy Box/ Gift Ministry	Haiti Operations	School Development	2020 Total Program	2019 Total Program
OPERATING EXPENSE														
COMPENSATION AND RELATED EXPENSES														
Compensation	\$ -	\$ 343,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,577	\$ 270,732
Payroll taxes	-	25,231	-	-	-	-	-	-	-	-	-	-	25,231	20,326
Employee benefits	-	17,392	-	-	-	-	-	-	-	-	-	-	17,392	12,179
Total compensation and related expenses	-	386,200	-	-	-	-	-	-	-	-	-	-	386,200	303,237
OTHER EXPENSES														
Grants	792,479	65,000	216,232	30	76,217	76,824	28,084	56,246	400	60,050	195,419	197,724	1,764,705	1,667,919
Travel	1,348	3,528	360	43,690	-	-	-	30	-	-	-	-	48,956	107,775
Supplies and materials	10,800	68	19,818	-	103,005	17,436	5,000	1,074	-	5,704	4,870	400	168,175	137,624
Postage and shipping	2,147	3,745	-	16	-	-	1,165	-	-	39,095	1,287	-	47,455	33,185
Information technology	-	4,318	-	-	-	-	-	-	-	-	-	-	4,318	10,365
Printing	1,059	3,964	-	-	-	-	1,169	-	-	-	-	-	6,192	7,093
Bank fees	-	1,614	-	-	-	-	-	-	-	-	-	-	1,614	1,552
Conferences, education, training	500	-	-	-	-	-	-	-	-	-	-	-	500	14,055
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract and consulting services	13,375	-	-	-	-	-	-	-	-	-	-	-	13,375	21,525
Telephone	2,289	448	1,316	-	-	591	146	134	-	238	3,224	5	8,391	8,969
Office supplies	844	349	-	-	-	-	1,788	-	19	2,957	988	-	6,945	7,543
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	150	150	3,499
Insurance	-	-	-	1,237	-	-	-	-	-	-	1,701	-	2,938	3,445
Other expenses	-	62	-	-	-	-	-	-	-	-	-	30	92	236
Staff expense	-	-	-	-	-	-	-	-	-	-	-	-	-	105
In-kind donations	302,670	8,014	-	-	156,324	-	750	-	-	77,350	0	-	545,108	480,511
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	20,141
Reserved for MGM fees	80,438	-	17,157	-	7,291	6,257	5,566	5,099	40	6,060	(141,581)	13,673	-	-
Total other expenses	1,207,949	91,110	254,883	44,973	342,837	101,108	43,668	62,583	459	191,454	65,908	211,982	2,618,914	2,525,542
TOTAL OPERATING EXPENSES	\$ 1,207,949	\$ 477,310	\$ 254,883	\$ 44,973	\$ 342,837	\$ 101,108	\$ 43,668	\$ 62,583	\$ 459	\$ 191,454	\$ 65,908	\$ 211,982	\$ 3,005,114	\$ 2,828,779

See accompanying notes and independent auditor's report.