

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.

Audited Financial Statements
and Supplementary Information

For the Years Ended December 31, 2021 and 2020

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
Table of Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3-4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10-19
Supplementary Information	
Schedule of Program Expenses	20



Anderson-Kurtz

Financial Services LLC

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I 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, 2021, and the related statements of activities, statements of functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my 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, 2021, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Program Expenses (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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Anderson-Kurtz Financial Services LLC

Anderson-Kurtz Financial Services LLC
Cincinnati, Ohio
May 11, 2022

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 355,280	\$ 831,066	\$ 1,186,346
Prepaid expenses	20,736	-	20,736
Accounts receivable	676		676
Pledges receivable, current portion	-	1,293,897	1,293,897
Total current assets	376,692	2,124,963	2,501,655
NON-CURRENT ASSETS			
Pledges receivable, net	-	3,575,807	3,575,807
Investments	969,492	-	969,492
Endowment	76,995	-	76,995
Total non-current assets	1,046,487	3,575,807	4,622,294
TOTAL ASSETS	\$ 1,423,179	\$ 5,700,770	\$ 7,123,949
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 54,559	\$ -	\$ 54,559
Salaries and payroll taxes payable	25,729	-	25,729
Employee benefit payable	14,722	-	14,722
TOTAL CURRENT LIABILITIES	95,010	-	95,010
NET ASSETS	1,328,169	5,700,770	7,028,939
TOTAL LIABILITIES AND NET ASSETS	\$ 1,423,179	\$ 5,700,770	\$ 7,123,949

See accompanying notes and independent auditor's report.

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	537,876	2,044,832	2,582,708
NON-CURRENT ASSETS			
Pledges receivable, net	-	3,581,574	3,581,574
Investments	198,676	-	198,676
Total non-current assets	198,676	3,581,574	3,780,250
TOTAL ASSETS	\$ 736,552	\$ 5,626,406	\$ 6,362,958
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	62,468	-	62,468
NET ASSETS	674,084	5,626,406	6,300,490
TOTAL LIABILITIES AND NET ASSETS	\$ 736,552	\$ 5,626,406	\$ 6,362,958

See accompanying notes and independent auditor's report.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 1,534,384	\$ 2,489,609	\$ 4,023,993
Pledges income, net	-	12,695	12,695
Government grants	10,000	-	10,000
Donated goods and services	8,014	234,067	242,081
Special event revenue	160,391	12,669	173,060
Net investment return	(4,402)	-	(4,402)
Assets released from restrictions	2,674,676	(2,674,676)	-
TOTAL REVENUE AND PUBLIC SUPPORT	4,383,063	74,364	4,457,427
OPERATING EXPENSES			
Program expenses	3,292,512	-	3,292,512
General and administrative	237,656	-	237,656
Fundraising	198,810	-	198,810
TOTAL OPERATING EXPENSES	3,728,978	-	3,728,978
CHANGE IN NET ASSETS FROM OPERATIONS	654,085	74,364	728,449
NET ASSETS, BEGINNING OF YEAR	674,084	5,626,406	6,300,490
NET ASSETS, END OF YEAR	\$ 1,328,169	\$ 5,700,770	\$ 7,028,939

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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
OPERATING EXPENSE				
COMPENSATION AND RELATED EXPENSES				
Compensation	\$ 398,548	\$ 87,401	\$ 119,859	\$ 605,808
Payroll taxes	27,828	8,187	7,708	43,723
Employee benefits	15,884	2,319	7,172	25,375
Total compensation and related expenses	442,260	97,907	134,739	674,906
OTHER EXPENSES				
Grants	2,171,333	-	-	2,171,333
NGO management fees	87,804	-	-	87,804
Travel	29,183	1,660	12,512	43,355
Supplies and materials	123,723	-	-	123,723
Food and water	102,243	-	-	102,243
Health care	16,973	-	-	16,973
Postage and shipping	41,390	2,405	2,761	46,556
Information technology	8,023	25,833	1,979	35,835
Printing	4,340	3,900	18,734	26,974
Bank fees	1,529	23,515	-	25,044
Conferences, education, training	9,921	5,178	197	15,296
Professional fees	-	14,406	1,583	15,989
Contract and consulting services	-	34,200	-	34,200
Telephone	6,580	2,393	-	8,973
Office supplies	6,152	5,397	1,458	13,007
Repairs and maintenance	3,412	-	-	3,412
Insurance	2,836	3,269	-	6,105
Other expenses	743	3,497	3,382	7,622
Event expense	-	-	13,451	13,451
In-kind donations	234,067	-	8,014	242,081
Bad debt expense	-	14,096	-	14,096
Total other expenses	2,850,252	139,749	64,071	3,054,072
TOTAL OPERATING EXPENSES	<u>\$ 3,292,512</u>	<u>\$ 237,656</u>	<u>\$ 198,810</u>	<u>\$ 3,728,978</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, 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	<u>17,392</u>	<u>3,586</u>	<u>7,412</u>	<u>-</u>	<u>28,390</u>
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	<u>-</u>	<u>25,503</u>	<u>-</u>	<u>-</u>	<u>25,503</u>
Total other expenses	<u>2,618,914</u>	<u>114,686</u>	<u>57,013</u>	<u>2,358</u>	<u>2,792,971</u>
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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 728,449	\$ 865,190
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized (gain) loss on investments	(4,582)	(4,582)
(Increase) decrease in		
Accounts receivable	(676)	-
Pledges receivable	(29,661)	(285,820)
Prepaid expense	(4,014)	(4,627)
Increase (decrease) in		
Accounts payable	29,389	(8,958)
Accrued expenses	3,153	14,089
Net cash provided by operating activities	<u>722,058</u>	<u>575,292</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,320,221)	(276,197)
Proceedures from sale of investments	476,992	234,397
Net cash used by investing activities	<u>(843,229)</u>	<u>(41,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note	-	(10,000)
Proceeds from note payable	-	10,000
Net cash used by financing activities	<u>-</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(121,171)	533,492
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,307,517</u>	<u>774,025</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,186,346</u></u>	<u><u>\$ 1,307,517</u></u>

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, 2021 AND 2020

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 2021 and 2020.

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, 2021 and 2020, the Organization had cash balances of approximately \$258,013 and \$633,227, respectively, in excess of federally insured limits.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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 years ended December 31, 2021 and 2020, management estimates an allowance of 3.5% of gross pledges receivable.

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 consist of marketable bank-issued FDIC insured certificates of deposit which range from 6 months maturity up to 4 years maturity and high-quality equity securities traded on the New York, NASDAQ or American Stock exchanges.

Endowment

During 2021, the Organization established an endowment fund at Thrivent Charitable Impact and Investing ("Thrivent") with gifts made to Thrivent by Hope for Haiti's Children and its supporters. The fund agreement between Thrivent and the Organization grants Thrivent variance power over the fund, which allows Thrivent's Board to modify any condition or restriction on the fund if, in the judgement of Thrivent's Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes of Thrivent. The fund is reported at fair value in the statement of financial position.

Under the fund agreement and Thrivent's current distribution policy, the Organization may request distributions from the fund in any amount, so long as the distribution requests are submitted in writing no more often than once each calendar quarter.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 prioritizes 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.

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.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2021 and 2020, the Organization did not have conditional promises to give.

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, 2021 and 2020.

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 \$0 and \$7,500 of donated professional services for the years ended December 31, 2021 and 2020, respectively.

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, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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 2021 and 2020, approximately 89% of the Organization's total expenses related to program services, 6% to management and general services, and 5% to fundraising activities.

Recent Accounting Pronouncement

Lease Accounting Standard

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and therefore, recognition of the lease assets and liabilities represent an improvement over previous GAAP, which did not require lease obligations to be recognized for most leases. The ASU is effective for nonpublic companies for years beginning after December 15, 2021.

Date of Management's Review

Subsequent events have been evaluated through May 11, 2022, 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, 2021 AND 2020

3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general expenditure at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,186,346	\$ 1,307,517
Investments	<u>969,492</u>	<u>198,676</u>
Subtotal, cash and investments	2,155,838	1,506,193
Pledges receivable due in one year	<u>1,293,897</u>	<u>1,258,469</u>
Financial assets available to meet general expenditures over next 12 months	<u><u>\$ 3,449,735</u></u>	<u><u>\$ 2,764,662</u></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>2021</u>	<u>2020</u>
Less than one year	\$ 1,293,897	\$ 1,258,469
One to five years	3,448,593	3,499,209
Due beyond five years	<u>860,477</u>	<u>803,233</u>
	5,602,967	5,560,911
Less allowance for uncollectible pledges	(196,104)	(194,632)
Less discount to present value	<u>(537,159)</u>	<u>(526,236)</u>
	<u><u>\$ 4,869,704</u></u>	<u><u>\$ 4,840,043</u></u>

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

5. INVESTMENTS

Non-endowment investments at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities	\$ 489,061	\$ 508,255	\$ 5,711	\$ 5,316
Fixed Income	<u>480,431</u>	<u>480,000</u>	<u>192,965</u>	<u>190,000</u>
Total	<u>\$ 969,492</u>	<u>\$ 988,255</u>	<u>\$ 198,676</u>	<u>\$ 195,316</u>

The endowment consisted of the following at December 31, 2021:

	<u>2021</u>	
	<u>Fair Value</u>	<u>Cost</u>
Thrivent Core Growth Portfolio	\$ 15,349	\$ 15,000
Thrivent Mission Growth Portfolio	30,797	30,000
Thrivent Women Invest Portfolio	<u>30,849</u>	<u>30,000</u>
	<u>\$ 76,995</u>	<u>\$ 75,000</u>

The Organization recorded interest income of \$14,286 and \$9,978 for the years ended December 31, 2021 and 2020, respectively. The Organization recorded unrealized loss of \$18,688 for the year ended December 31, 2021 and an unrealized gain of \$4,582 for the year ended December 31, 2020.

As of December 31, 2021 and 2020, all investments were considered level 1 investments.

6. LINE OF CREDIT

The Organization has an unsecured line of credit of \$77,400 and \$71,000 on credit cards as of December 31, 2021 and 2020, respectively. Available credit as of December 31, 2021 was approximately \$44,500. Available credit as of December 31, 2020 was approximately \$66,000.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

7. NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Passage of time - receivables	\$ 4,869,704	\$ 4,840,043
Purpose restrictions		
Child education and vocational	281,088	239,124
Orphanage operations	13,847	22,784
Mission trips	4,753	8,700
School lunch program	174,021	126,027
Thomazeau Hope Center	39,035	180,931
Thomazeau Camp Hope	608	6,596
Thomazeau Church	20,493	18,154
Crisis relief	48,272	981
Joy Box/Gift Ministry	8,963	(704)
General Haiti operations	119,728	58,615
School development	<u>120,258</u>	<u>125,155</u>
Subtotal - purpose restrictions	<u>831,066</u>	<u>786,363</u>
Total net assets with donor restrictions	<u>\$ 5,700,770</u>	<u>\$ 5,626,406</u>

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

	<u>2021</u>	<u>2020</u>
Undesignated	<u>\$ 1,328,169</u>	<u>\$ 674,084</u>

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

	<u>2021</u>	<u>2020</u>
Satisfaction of time restrictions	\$ 1,258,469	\$ 1,264,284
Satisfaction of purpose restrictions	<u>1,416,207</u>	<u>1,053,838</u>
Total released from restrictions	<u>\$ 2,674,676</u>	<u>\$ 2,318,122</u>

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

8. FUNDRAISING EVENTS

Breakfast fundraising events contributed to the resources available for programs during the years ended December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Special event revenue	\$ 173,060	\$ 149,698
Cost of direct donor benefits	<u>-</u>	<u>(2,358)</u>
Net special event revenue	<u>\$ 173,060</u>	<u>\$ 147,340</u>

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, 2021 and 2020 were as follows:

	<u>2021</u>	
	<u>Quantity</u>	<u>Value</u>
Drugs and medical supplies	1,124	\$ 26,862
Food inventory	1,831	115,227
Other supplies	509	6,613
Joy boxes	3,211	80,275
Office space	2	8,014
Information technology	<u>22</u>	<u>5,090</u>
	<u>6,699</u>	<u>\$ 242,081</u>

	<u>2020</u>	
	<u>Quantity</u>	<u>Value</u>
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	<u>1</u>	<u>7,500</u>
	<u>47,343</u>	<u>\$ 552,608</u>

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

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:

	2021	2020
Economic Injury Disaster Loan (EIDL)	\$ -	\$ 10,000
SBA PPP loan disbursement	-	91,600
Total received	\$ -	101,600
Less unforgiven portion of SBA PPP loan, repaid in December 2020 & forgiven in 2021	10,000	(10,000)
Net recognized as government grant revenue	\$ 10,000	\$ 91,600

11. SUBSEQUENT EVENTS – COVID-19

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national, and global economies. The extent to which COVID-19 impacts the Company's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, delays, loss of, or reduction to, revenue and funding. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
SCHEDULE OF PROGRAM EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (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	2021 Total Program	2020 Total Program
OPERATING EXPENSE														
COMPENSATION AND RELATED EXPENSES														
Compensation	\$ -	\$ 398,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,548	\$ 343,577
Payroll taxes	-	27,828	-	-	-	-	-	-	-	-	-	-	27,828	25,231
Employee benefits	-	15,884	-	-	-	-	-	-	-	-	-	-	15,884	17,392
Total compensation and related expenses	-	442,260	-	-	-	-	-	-	-	-	-	-	442,260	386,200
OTHER EXPENSES														
Grants	849,087	21,799	318,367	3,000	85,943	207,112	36,130	15,200	202,416	15,357	120,146	296,776	2,171,333	1,764,705
MGM fees	-	-	-	-	-	-	-	-	-	-	87,804	-	87,804	-
Travel	774	18,216	-	1,130	50	-	1,900	-	503	-	6,610	-	29,183	48,956
Supplies and materials	-	-	47,994	-	1,000	47,000	6,388	-	4,379	-	16,962	-	123,723	168,175
Food and water	-	-	-	-	102,243	-	-	-	-	-	-	-	102,243	-
Health care	10,078	-	-	-	-	-	-	-	3,491	-	3,404	-	16,973	-
Postage and shipping	84	4,708	-	-	-	-	1,065	73	642	29,647	5,171	-	41,390	47,455
Information technology	625	5,642	-	-	-	-	-	-	-	-	1,756	-	8,023	4,318
Printing	-	4,340	-	-	-	-	-	-	-	-	-	-	4,340	6,192
Bank fees	-	1,529	-	-	-	-	-	-	-	-	-	-	1,529	1,614
Conferences, education, training	9,900	-	-	-	-	-	-	-	-	-	21	-	9,921	500
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract and consulting services	-	-	-	-	-	-	-	-	-	-	-	-	-	13,375
Telephone	869	356	1,014	-	-	372	-	54	-	220	3,695	-	6,580	8,391
Office supplies	563	493	12	-	-	-	244	-	-	-	4,840	-	6,152	6,945
Repairs and maintenance	1,500	-	550	-	-	-	-	-	-	-	1,362	-	3,412	150
Insurance	-	1,875	-	218	-	-	33	-	-	-	710	-	2,836	2,938
Other expenses	-	30	13	-	-	-	-	-	-	500	200	-	743	92
Staff expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In-kind donations	37,253	-	-	-	115,227	-	-	-	1,312	80,275	-	-	234,067	545,108
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other expenses	910,733	58,988	367,950	4,348	304,463	254,484	45,760	15,327	212,743	125,999	252,681	296,776	2,850,252	2,618,914
TOTAL OPERATING EXPENSES	\$ 910,733	\$ 501,248	\$ 367,950	\$ 4,348	\$ 304,463	\$ 254,484	\$ 45,760	\$ 15,327	\$ 212,743	\$ 125,999	\$ 252,681	\$ 296,776	\$ 3,292,512	\$ 3,005,114

See accompanying notes and independent auditor's report.