

***NORTHWEST HAITI CHRISTIAN MISSION, INC.***

***Financial Statements***

***Years Ended December 31, 2016 and 2015***

# ***NORTHWEST HAITI CHRISTIAN MISSION, INC.***

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Northwest Haiti Christian Mission, Inc.  
Indianapolis, Indiana

We have audited the accompanying financial statements of Northwest Haiti Christian Mission, Inc. (the Ministry) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Ministry'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 Ministry'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 the Ministry as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

We have previously audited the Ministry's 2015 financial statements, and our report dated November 14, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Dumphy CPA Group, P.C.*

Indianapolis, Indiana  
September 7, 2017

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 780,632	\$ 396,316
Receivables	31,078	27,545
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	811,710	423,861
	<hr/>	<hr/>
NON-CURRENT ASSETS		
Fixed assets, net of depreciation	1,520,624	2,102,986
	<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS	1,520,624	2,102,986
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 2,332,334</b>	<b>\$ 2,526,847</b>
	<hr/> <hr/>	<hr/> <hr/>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Accounts payable	\$ 61,791	\$ 60,302
Accrued expenses	7,322	5,558
Short term borrowing	28,288	0
Current portion of long term debt	0	342,959
	<hr/>	<hr/>
TOTAL LIABILITIES	97,401	408,819
	<hr/>	<hr/>
<b><u>NET ASSETS</u></b>		
Unrestricted	2,142,425	2,053,573
Temporarily restricted	92,508	64,455
	<hr/>	<hr/>
TOTAL NET ASSETS	2,234,933	2,118,028
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,332,334</b>	<b>\$ 2,526,847</b>
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See accompanying notes and independent auditor's report.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2016 and 2015

	2016			2015 Total Only
	Unrestricted	Temporarily Restricted	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 431,412	\$ 1,967,082	\$ 2,398,494	\$ 2,699,321
In-kind gifts	0	615,857	615,857	945,322
Fees	18,000	0	18,000	24,000
Interest income	552	0	552	194
Other income	31,861	0	31,861	(12,362)
Gain (loss) on disposal of assets	113,196	0	113,196	0
	595,021	2,582,939	3,177,960	3,656,474
Other revenue				
Net assets released from restrictions	2,554,886	(2,554,886)	0	0
	3,149,907	28,053	3,177,960	3,656,474
<b>EXPENSES</b>				
Program Services	2,733,175	0	2,733,175	3,285,442
Management and general	318,861	0	318,861	263,985
Fundraising	9,019	0	9,019	15,855
	3,061,055	0	3,061,055	3,565,282
<b>CHANGE IN NET ASSETS</b>	88,852	28,053	116,905	91,192
<b>NET ASSETS, BEGINNING</b>	2,053,573	64,455	2,118,028	2,026,836
<b>NET ASSETS, ENDING</b>	\$ 2,142,425	\$ 92,508	\$ 2,234,933	\$ 2,118,028

See accompanying notes and independent auditor's report.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2016 and 2015

	2016				2015
	Program Services	Management and General	Fundraising Expenses	Total Expenses	Total Only Expenses
Salaries	\$ 472,814	\$ 86,161	\$ 0	\$ 558,975	\$ 639,436
Payroll taxes	58,551	6,382	0	64,933	69,878
Employee benefits	13,525	7,529	0	21,054	47,277
Nonpersonnel expenses	1,237,361	103,994	7,233	1,348,588	1,613,785
Travel and meetings	679,045	22,441	1,786	703,272	803,597
Occupancy	87,417	34,279	0	121,696	129,381
Depreciation	113,591	4,167	0	117,758	149,502
Grants made	43,920	0	0	43,920	56,825
Contract services	3,750	46,386	0	50,136	18,045
Insurance expense	21,616	6,536	0	28,152	34,832
Interest expense	0	0	0	0	1,132
Miscellaneous	1,585	986	0	2,571	1,591
Total expenses	\$ <u>2,733,175</u>	\$ <u>318,861</u>	\$ <u>9,019</u>	\$ <u>3,061,055</u>	\$ <u>3,565,282</u>

See accompanying notes and independent auditor's report.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 116,905	\$ 91,192
Non-cash items		
Depreciation	117,758	149,502
(Gain) loss on sale of assets	(113,196)	0
Decrease (increase) in assets		
Accounts receivable	(3,533)	32,296
Increase (decrease) in liabilities		
Accounts payable	1,489	(34,024)
Accrued expenses	1,764	(13,945)
	<b>121,187</b>	<b>225,021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	0	0
Proceeds from disposal of equipment	577,800	0
	<b>577,800</b>	<b>0</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net short term borrowing	28,288	(104,883)
Payments on long term debt	(342,959)	(25,998)
	<b>(314,671)</b>	<b>(130,881)</b>
<b>NET INCREASE IN CASH</b>	<b>384,316</b>	<b>94,140</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>396,316</b>	<b>302,176</b>
<b>CASH, END OF YEAR</b>	<b>\$ 780,632</b>	<b>\$ 396,316</b>
Interest paid during the year	<b>\$ 0</b>	<b>\$ 21,953</b>

See accompanying notes and independent auditor's report.



# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

### **(1) Nature of operations**

Northwest Haiti Christian Mission (the Ministry) was incorporated in Kentucky in 1982 as a Not-For-Profit Organization. Northwest Haiti Christian Mission is an Independent Christian Church organization dedicated to establishing and partnering with indigenous churches to help bring people in Northwest Haiti out of spiritual, physical and social poverty to demonstrate God's love for all.

### **(2) Summary of significant accounting policies**

The significant accounting policies followed by the Ministry are summarized below.

#### **Method of accounting**

The Ministry uses the accrual method of accounting. Revenue is recorded in the period earned and support is recorded in the period the contribution is made (when cash is received or ownership of assets is transferred). Expenses are reported in the period incurred. All transactions are valued using United States currency; therefore, no gains or losses from foreign translation are recorded.

#### **Tax Status**

The Ministry has been determined to be exempt from state and federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Ministry is classified as a publicly supported organization rather than a private foundation. There were no payments for penalties and interest related to taxes during the year ended December 31, 2016.

#### **Net assets**

Unrestricted net assets include all assets over which the Ministry has full discretion as to use. Temporarily restricted net assets include net assets whose use by the Ministry is limited by donor-imposed restrictions that either expire by the passage of time or as they are fulfilled by the Ministry. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Permanently restricted net assets, if any, include net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the action of the Ministry.

#### **Statement of Cash Flows,**

For purposes of the Statement of Cash Flows, the Ministry considers all liquid investments with a maturity of three months or less to be cash equivalents.

#### **Inventory**

Inventory consists of supplies used in program activities. It is valued at cost or at the fair value of the materials, if they are donated to the Ministry.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

### **(2) Summary of significant accounting policies (continued)**

#### **Contributed services**

The Ministry's mission could not be fully achieved without the dedicated efforts of many volunteers. These contributed services are not reported as they do not meet the requirements under the current accounting standards.

#### **Fixed Assets**

Buildings are recorded at cost and are depreciated using the straight line method over estimated useful lives of 40 years. Equipment and vehicles are recorded at cost and depreciated using the straight-line method over estimated useful lives of five years. Donated items are reported at their fair market value on the date of the gift. The Ministry's policy is to capitalize equipment purchases over \$5,000 for vehicle and other assets, \$50,000 for land and buildings, with useful lives of more than one year. Depreciation is allocated to the various program services and supporting activities.

#### **Use of estimates**

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Allocation of expenses**

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited based on the best estimate of the Ministry's management.

#### **Advertising costs**

Advertising costs are reported when incurred. Advertising expenses totaled \$6,978 and \$1,445 for the years ended December 31, 2016 and 2015, respectively. Advertising expense is included as part of nonpersonnel expenses in the statement of functional expenses.

#### **Subsequent events**

Subsequent events have been evaluated as of the date of the report letter, the date the financial statements were available for release.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

### (3) Concentrations

The Ministry relies on funding from various sources to run its program. No individual donor has given more than 10% of the total revenue for the year.

The Ministry periodically had cash in institutions that exceeded the FDIC guarantee of \$250,000. As of December 31, 2016 and 2015, the Ministry did not have any bank accounts that exceeded the FDIC guarantee.

### (4) Fixed Assets

Fixed assets consist of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 131,000	\$ 211,000
Buildings	2,125,000	2,595,000
Vehicles	98,511	98,511
Equipment	<u>131,497</u>	<u>131,497</u>
Total cost	2,486,008	3,036,008
Accumulated depreciation	<u>965,384</u>	<u>933,022</u>
<b>FIXED ASSETS, NET</b>	<u><u>\$ 1,520,624</u></u>	<u><u>\$ 2,102,986</u></u>

Depreciation expense totaled \$89,167 and \$97,500 for buildings and \$28,591 and \$52,002 for equipment for the year ended December 31, 2016 and 2015, respectively. The net book value of assets located in Haiti total approximately \$1,400,000.

### (5) Debt

The Ministry has a mortgage payable on the administrative offices. The original mortgage was for \$350,000 and requires 180 monthly payments, including interest, of \$2,995. In August 2012, the mortgage and another loan were restructured. The new mortgage amount was \$424,125. The new loan was scheduled to mature in August 2017. The current rate is 5.75% and is fixed through the term of the new loan. Interest of \$20,822 and \$20,822 is including in occupancy expense on the statement of functional expenses. In May 2016, the land and building were sold for \$615,000 to an unrelated party and the mortgage was paid off in the amount of \$334,993. The net gain from the sale of this transaction totaled \$113,196. Due to this sale, the mortgage payable was classified as current on the balance sheet as of December 31, 2015. The balance as of December 31, 2016 and 2015 is \$0 and \$342,959 respectively.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

### (6) Net Assets

Net assets consist of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Unrestricted	\$ <u>2,142,425</u>	\$ <u>2,053,573</u>
Temporarily Restricted		
Programs	\$ 67,147	65,696
Travel	0	0
General	0	0
Missionaries	25,361	(1,241)
Projects	<u>0</u>	<u>0</u>
	<u>92,508</u>	<u>64,455</u>
Total net assets	\$ <u>2,234,933</u>	\$ <u>2,118,028</u>

### (7) Functional expenses

The breakdown of program revenue and expense for the year ended December 31, 2016 and 2015 is as follows:

<u>2016</u>			
<u>Program</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net change</u>
Programs	\$ 1,250,602	\$ 1,611,470	\$ (360,868)
Travel	1,018,458	844,688	173,770
Missionaries	200,941	152,381	48,560
Projects	<u>112,938</u>	<u>124,636</u>	<u>(11,698)</u>
	<u>\$ 2,582,939</u>	<u>\$ 2,733,175</u>	<u>\$ (150,236)</u>

<u>2015</u>			
<u>Program</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net change</u>
Programs	\$ 1,582,543	\$ 1,991,015	\$ (408,472)
Travel	1,225,340	949,179	276,161
Missionaries	221,281	187,147	34,134
Projects	<u>180,258</u>	<u>158,101</u>	<u>22,157</u>
	<u>\$ 3,209,422</u>	<u>\$ 3,285,442</u>	<u>\$ (76,020)</u>

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

**(8) Transfers to unrestricted net assets of deficits in restricted programs**

The Ministry treats expenses in excess of contributions at the program level as a transfer from unrestricted resources. The net expense is reset to zero for any program with a deficit at year end. At December 31, 2016 and 2015, \$194,293 and \$167,406, respectively of unrestricted net assets was transferred back to temporarily restricted net assets.