

NORTHWEST HAITI CHRISTIAN MISSION, INC.

Financial Statements

Years Ended December 31, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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 2016 financial statements, and our report dated September 7, 2017, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Humphrey CPA Group, L.L.C.

Indianapolis, Indiana
December 13, 2018

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 885,770	\$ 780,632
Receivables	22,566	31,078
Investments	1,185	0
	<u>909,521</u>	<u>811,710</u>
NON-CURRENT ASSETS		
Fixed assets, net of depreciation	1,476,014	1,520,624
	<u>1,476,014</u>	<u>1,520,624</u>
TOTAL ASSETS	\$ <u>2,385,535</u>	\$ <u>2,332,334</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 74,353	\$ 61,791
Accrued expenses	7,214	7,322
Short term borrowing	21,803	28,288
	<u>103,370</u>	<u>97,401</u>
TOTAL LIABILITIES	103,370	97,401
<u>NET ASSETS</u>		
Unrestricted	2,235,230	2,142,425
Temporarily restricted	46,935	92,508
	<u>2,282,165</u>	<u>2,234,933</u>
TOTAL NET ASSETS	2,282,165	2,234,933
TOTAL LIABILITIES AND NET ASSETS	\$ <u>2,385,535</u>	\$ <u>2,332,334</u>

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2017 with comparable totals for 2016

	2017			2016 Total Only
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUE				
Contributions	\$ 321,655	\$ 2,260,594	\$ 2,582,249	\$ 2,398,494
In-kind gifts	0	0	0	615,857
Fees	0	0	0	18,000
Interest income	3,852	0	3,852	552
Other income	5,458	0	5,458	31,861
Gain (loss) on disposal of assets	0	0	0	113,196
	330,965	2,260,594	2,591,559	3,177,960
Other revenue				
Net assets released from restrictions	2,306,167	(2,306,167)	0	0
TOTAL SUPPORT AND REVENUE	2,637,132	(45,573)	2,591,559	3,177,960
EXPENSES				
Program Services	2,242,689	0	2,242,689	2,733,175
Management and general	234,481	0	234,481	318,861
Fundraising	67,157	0	67,157	9,019
TOTAL EXPENSES	2,544,327	0	2,544,327	3,061,055
CHANGE IN NET ASSETS	92,805	(45,573)	47,232	116,905
NET ASSETS, BEGINNING	2,142,425	92,508	2,234,933	2,118,028
NET ASSETS, ENDING	\$ 2,235,230	\$ 46,935	\$ 2,282,165	\$ 2,234,933

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017 with comparable totals for 2016

	2017			2016	
	Program Services	Management and General	Fundraising Expenses	Total Expenses	Total Only Expenses
Salaries	\$ 461,776	\$ 79,000	\$ 44,750	\$ 585,526	\$ 558,975
Payroll taxes	55,012	5,902	3,423	64,337	64,933
Employee benefits	14,400	15,385	0	29,785	21,054
Nonpersonnel expenses	662,662	78,535	5,514	746,711	1,348,588
Travel and meetings	773,224	11,317	8,975	793,516	703,272
Occupancy	158,921	26,850	20	185,791	121,696
Depreciation	64,000	0	4,475	68,475	117,758
Grants made	16,665	0	0	16,665	43,920
Contract services	8,255	5,040	0	13,295	50,136
Insurance expense	25,940	6,879	0	32,819	28,152
Interest expense	0	1,932	0	1,932	0
Miscellaneous	1,834	3,641	0	5,475	2,571
Total expenses	\$ 2,242,689	\$ 234,481	\$ 67,157	\$ 2,544,327	\$ 3,061,055

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 47,232	\$ 116,905
Non-cash items		
Depreciation	68,475	117,758
(Gain) loss on sale of assets	0	(113,196)
Decrease (increase) in assets		
Accounts receivable	8,512	(3,533)
Increase (decrease) in liabilities		
Accounts payable	12,562	1,489
Accrued expenses	(108)	1,764
	136,673	121,187
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(23,865)	0
Proceeds from disposal of equipment	0	577,800
Purchase of investments	(1,185)	0
	(25,050)	577,800
CASH FLOWS FROM FINANCING ACTIVITIES		
Net short term borrowing	(6,485)	28,288
Payments on long term debt	0	(342,959)
	(6,485)	(314,671)
NET INCREASE (DECREASE) IN CASH	105,138	384,316
CASH, BEGINNING OF YEAR	780,632	396,316
CASH, END OF YEAR	\$ 885,770	\$ 780,632
Interest paid during the year	\$ 1,932	\$ 20,821

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

(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, 2017.

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, 2017 and 2016

(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 \$14,109 and \$6,978 for the years ended December 31, 2017 and 2016, 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, 2017 and 2016

(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, 2017, the Ministry had bank accounts that exceeded the FDIC guarantee by approximately \$100,000.

(4) Fixed Assets

Fixed assets consist of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 131,000	\$ 131,000
Buildings	2,125,000	2,125,000
Vehicles	122,375	98,511
Equipment	<u>131,497</u>	<u>131,497</u>
Total cost	2,509,872	2,486,008
Accumulated depreciation	<u>1,033,858</u>	<u>965,384</u>
FIXED ASSETS, NET	<u><u>\$ 1,476,014</u></u>	<u><u>\$ 1,520,624</u></u>

Depreciation expense totaled \$64,000 and \$89,167 for buildings and \$4,475 and \$28,591 for equipment for the year ended December 31, 2017 and 2016, 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. Interest of \$0 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.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

(6) Net Assets

Net assets consist of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ <u>2,235,230</u>	\$ <u>2,170,478</u>
Temporarily Restricted		
Programs	\$ 34,058	65,696
Travel	0	0
General	0	0
Missionaries	12,877	(1,241)
Projects	<u>0</u>	<u>0</u>
	<u>46,935</u>	<u>64,455</u>
Total net assets	\$ <u><u>2,282,165</u></u>	\$ <u><u>2,234,933</u></u>

(7) Functional expenses

The breakdown of program revenue and expense for the year ended December 31, 2017 and 2016 is as follows:

<u>2017</u>			
<u>Program</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net change</u>
Programs	\$ 615,196	\$ 870,791	\$ (255,595)
Travel	1,250,098	956,679	293,420
Missionaries	252,029	227,781	24,248
Projects	<u>143,271</u>	<u>187,438</u>	<u>(44,166)</u>
	<u>\$ 2,260,594</u>	<u>\$ 2,242,689</u>	<u>\$ 17,905</u>

<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>

(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 \$125,649 and \$194,293, respectively of unrestricted net assets was transferred back to temporarily restricted net assets.