

NORTHWEST HAITI CHRISTIAN MISSION, INC.

Financial Statements

Years Ended December 31, 2015 and 2014

NORTHWEST HAITI CHRISTIAN MISSION, INC.

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-12



Humphrey CPA Group, L.L.C.

www.HumphreyCPAGroup.com

445 N. Pennsylvania Street, Suite 941
Indianapolis, IN 46204

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, 2015 and 2014, 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, 2015 and 2014, 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 2014 financial statements, and our report dated November 5, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Humphrey CPA Group, L.P.C.

Indianapolis, Indiana

November 14, 2016

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 396,316	\$ 302,176
Receivables	27,545	59,841
TOTAL CURRENT ASSETS	<u>423,861</u>	<u>362,017</u>
NON-CURRENT ASSETS		
Fixed assets, net of depreciation	2,102,986	2,252,488
TOTAL NON-CURRENT ASSETS	<u>2,102,986</u>	<u>2,252,488</u>
TOTAL ASSETS	<u>\$ 2,526,847</u>	<u>\$ 2,614,506</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 60,302	\$ 94,326
Accrued expenses	5,558	19,503
Short term borrowing	0	104,883
Current portion of long term debt	342,959	46,140
TOTAL CURRENT LIABILITIES	<u>408,819</u>	<u>264,852</u>
LONG TERM LIABILITIES		
Mortgage payable, net of current portion	0	322,817
TOTAL LONG TERM LIABILITIES	<u>0</u>	<u>322,817</u>
TOTAL LIABILITIES	<u>408,819</u>	<u>587,669</u>
<u>NET ASSETS</u>		
Unrestricted	2,053,573	1,946,673
Temporarily restricted	64,455	80,163
TOTAL NET ASSETS	<u>2,118,028</u>	<u>2,026,836</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,526,847</u>	<u>\$ 2,614,505</u>

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2015 and 2014

	2015			2014 Total Only
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUE				
Contributions	\$ 435,222	\$ 2,264,100	\$ 2,699,321	\$ 2,846,508
In-kind gifts	-	945,322	945,322	867,000
Fees	24,000	-	24,000	24,000
Interest income	194	-	194	45
Other income	(12,363)	-	(12,363)	51,044
Gain (loss) on disposal of assets	0	0	0	1,573
	447,052	3,209,422	3,656,474	3,790,170
Other revenue				
Net assets released from restrictions	3,225,130	(3,225,130)	0	0
	3,672,182	(15,708)	3,656,474	3,790,170
EXPENSES				
Program Services	3,285,442	0	3,285,442	3,381,493
Management and general	263,985	0	263,985	231,273
Fundraising	15,855	0	15,855	88,091
	3,565,282	0	3,565,282	3,700,857
CHANGE IN NET ASSETS	106,900	(15,708)	91,192	89,313
NET ASSETS, BEGINNING	1,946,673	80,163	2,026,836	1,937,523
NET ASSETS, ENDING	\$ 2,053,573	\$ 64,455	\$ 2,118,028	\$ 2,026,836

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2015 and 2014

	2,015			2014	
	Program Services	Management and General	Fundraising Expenses	Total Expenses	Total Only Expenses
Salaries	\$ 530,971	\$ 106,854	\$ 1,612	\$ 639,437	\$ 665,207
Nonpersonnel expenses	1,559,006	52,352	2,428	1,613,786	1,515,479
Travel and meetings	778,117	23,184	2,297	803,598	971,099
Occupancy	95,062	34,319	0	129,381	131,692
Employee benefits	31,700	6,126	9,450	47,276	132,602
Depreciation	137,002	12,500	0	149,502	149,502
Grants made	56,825	0	0	56,825	45,040
Contract services	5,794	12,182	68	18,044	8,052
Payroll taxes	63,206	6,672	0	69,878	32,203
Insurance expense	27,570	7,262	0	34,832	37,896
Interest expense	39	1,092	0	1,131	10,555
Miscellaneous	150	1,442	0	1,592	1,530
Total expenses	\$ 3,285,442	\$ 263,985	\$ 15,855	\$ 3,565,282	\$ 3,700,857

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2015 and 2014

	2015	2014
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 91,192	\$ 89,313
Non-cash items		
Depreciation	149,502	149,502
(Gain) loss on sale of investments	0	(1,573)
Decrease (increase) in assets		
Accounts receivable	32,296	(17,920)
Increase (decrease) in liabilities		
Accounts payable	(34,024)	(64,984)
Accrued expenses	(13,945)	6,893
	225,021	161,231
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	0	7,719
	0	7,719
CASH FLOWS FROM FINANCING ACTIVITIES		
Net short term borrowing	(104,883)	(3,883)
Payments on long term debt	(25,998)	(45,808)
	(130,881)	(49,691)
NET INCREASE IN CASH	94,140	119,259
CASH, BEGINNING OF YEAR	302,176	182,917
CASH, END OF YEAR	\$ 396,316	\$ 302,176
Interest paid during the year	\$ 21,953	\$ 32,843

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

(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, 2015.

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, 2015 and 2014

(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 \$1,445 and \$4,905 for the years ended December 31, 2015 and 2014, 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 November 14, 2016, the date the financial statements were available for release.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

(2) Summary of significant accounting policies (continued)

Investments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are no level 3 investments. The stock was sold in 2014 for a gain of \$1,573.

(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, 2015 and 2014, the Ministry did not have any bank accounts that exceeded the FDIC guarantee.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

(4) Fixed Assets

Fixed assets consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 211,000	\$ 211,000
Buildings	2,595,000	2,595,000
Vehicles	98,511	98,511
Equipment	<u>131,497</u>	<u>131,497</u>
Total cost	3,036,008	3,036,008
Accumulated depreciation	<u>933,022</u>	<u>783,520</u>
FIXED ASSETS, NET	<u><u>\$ 2,102,986</u></u>	<u><u>\$ 2,252,488</u></u>

Depreciation expense totaled \$97,500 and \$97,500 for buildings and \$52,002 and \$52,002 for equipment for the year ended December 31, 2015 and 2014, respectively. The net book value of assets located in Haiti total approximately \$2,200,000.

(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. The balance as of December 31, 2015 and 2014 is \$342,959 and \$368,957 respectively. Interest of \$20,822 and \$22,288 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 is currently classified as current on the balance sheet.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

(6) Net Assets

Net assets consist of the following as of December 31, 2015 and 2014:

		<u>2015</u>		<u>2014</u>
Unrestricted	\$	2,053,573	\$	1,946,674
Temporarily Restricted				
Programs	\$	65,696		14,084
Travel		0		0
General		0		0
Missionaries		(1,241)		66,079
Projects		0		0
		<u>64,455</u>		<u>80,163</u>
Total net assets	\$	<u>2,118,028</u>	\$	<u>2,026,837</u>

(7) Functional expenses

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

<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		180,258		158,101		22,157
		<u>3,209,422</u>		<u>3,285,442</u>		<u>(76,018)</u>

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

(7) Functional expenses (continued)

The breakdown of program revenue and expense for the year ended December 31, 2014 is as follows:

<u>Program</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net change</u>
Programs	\$ 1,509,022	\$ 1,805,670	\$ (296,648)
Travel	1,351,895	1,173,555	178,340
Missionaries	228,387	234,474	(6,087)
Projects	179,541	167,793	11,748
	<u>\$ 3,268,845</u>	<u>\$ 3,381,492</u>	<u>\$ (112,647)</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 is reset to zero for any program with a deficit at year end. At December 31, 2015 and 2014, \$167,406 and \$138,087, respectively of unrestricted net assets was transferred back to temporarily restricted net assets.