

NORTHWEST HAITI CHRISTIAN MISSION, INC.

Financial Statements

Years Ended December 31, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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 2017 financial statements, and our report dated October 23, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Humphrey CPA Group, P.L.C.

Indianapolis, Indiana

October 14, 2019

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF FINANCIAL POSITION December 31, 2018 and 2017

	2018	2017
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,104,104	\$ 885,770
Receivables	12,501	22,566
Investments	1,288	1,185
TOTAL CURRENT ASSETS	1,117,893	909,521
NON-CURRENT ASSETS		
Fixed assets, net of depreciation	1,385,048	1,476,014
TOTAL NON-CURRENT ASSETS	1,385,048	1,476,014
TOTAL ASSETS	\$ 2,502,941	\$ 2,385,535
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 59,250	\$ 74,353
Accrued expenses	8,642	7,214
Short term borrowing	18,679	21,803
TOTAL LIABILITIES	86,571	103,370
<u>NET ASSETS</u>		
Net assets without donor restrictions	2,118,712	2,235,230
Net assets with donor restrictions	297,658	46,935
TOTAL NET ASSETS	2,416,370	2,282,165
TOTAL LIABILITIES AND NET ASSETS	\$ 2,502,941	\$ 2,385,535

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2018 with comparable totals for 2017

	2018			2017 Total Only
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions	\$ 324,284	\$ 2,304,189	\$ 2,628,473	\$ 2,582,249
In-kind gifts	500	0	500	0
Interest income	6,235	0	6,235	3,852
Other income	0	0	0	5,458
Total revenue	331,019	2,304,189	2,635,208	2,591,559
Other revenue				
Net assets released from restrictions	2,053,466	(2,053,466)	0	0
TOTAL SUPPORT AND REVENUE	2,384,485	250,723	2,635,208	2,591,559
EXPENSES				
Program Services	2,207,646	0	2,207,646	2,242,689
Management and general	222,306	0	222,306	234,481
Fundraising	71,051	0	71,051	67,157
TOTAL EXPENSES	2,501,003	0	2,501,003	2,544,327
CHANGE IN NET ASSETS	(116,518)	250,723	134,205	47,232
NET ASSETS, BEGINNING	2,235,230	46,935	2,282,165	2,234,933
NET ASSETS, ENDING	\$ 2,118,712	\$ 297,658	\$ 2,416,370	\$ 2,282,165

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018 with comparable totals for 2017

	2018				2017
	Program	Management	Fundraising	Total	Total Only
	Services	and General	Expenses	Expenses	Expenses
Salaries	\$ 465,269	\$ 79,143	\$ 42,500	\$ 586,912	\$ 585,526
Payroll taxes	61,697	5,871	3,251	70,819	64,337
Employee benefits	14,400	12,000	0	26,400	29,785
Nonpersonnel expenses	636,356	69,028	16,855	722,239	746,711
Travel and meetings	731,659	6,500	1,763	739,922	793,516
Occupancy	112,882	28,232	0	141,114	185,791
Depreciation	85,000	0	5,966	90,966	68,475
Grants made	7,130	0	0	7,130	16,665
Contract services	0	5,246	0	5,246	13,295
Insurance expense	24,643	11,232	716	36,591	32,819
Interest expense	0	614	0	614	1,932
Miscellaneous	68,610	4,440	0	73,050	5,475
Total expenses	\$ <u>2,207,646</u>	\$ <u>222,306</u>	\$ <u>71,051</u>	\$ <u>2,501,003</u>	\$ <u>2,544,327</u>

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions	\$ 2,639,038	\$ 2,590,761
Cash receipts from other sources	0	5,458
Investment income	6,235	3,852
Cash paid to vendors and employees	(2,423,098)	(2,461,465)
Cash paid for interest	(614)	(1,932)
NET CASH PROVIDED BY OPERATING ACTIVITIES	221,561	136,673
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	0	(23,865)
Proceeds from disposal of equipment	0	0
Purchase of investments	(103)	(1,185)
NET CASH USED IN INVESTING ACTIVITIES	(103)	(25,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net short term borrowing	(3,124)	(6,485)
NET CASH USED IN FINANCING ACTIVITIES	(3,124)	(6,485)
NET INCREASE IN CASH	218,334	105,138
CASH, BEGINNING OF YEAR	885,770	780,632
CASH, END OF YEAR	\$ 1,104,104	\$ 885,770

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

(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

Basis of presentation

The financial statements of the Ministry have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Ministry to report information regarding its financial position and activities according to the following net asset classifications:

- **Net assets without donor restrictions:**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Ministry's management and the board of directors.

- **Net assets with donor restrictions:**

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Ministry or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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 statements of activities.

Measure of operations

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. The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to The Sanctuary ongoing ministry and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Statement of Cash Flows,

The Ministry'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.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

(2) Summary of significant accounting policies (continued)

Concentrations of credit risk – Financial instruments that potentially subject The Ministry to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Ministry maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Ministry's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Ministry has not experienced, nor does it anticipate, any losses with respect to such accounts. During the year ended December 31, 2018, the balances in one institution exceeded the FDIC limits, and as of December 31, 2018 and 2017, the balances were above the FDIC guarantee limit by approximately \$815,000 and \$627,000.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions

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.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

(2) Summary of significant accounting policies (continued)

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. Direct costs are charged to the specific activity, while a portion of common expenses are based on a function of either time or historical use.

Advertising costs

Advertising costs are reported when incurred. Advertising expenses totaled \$14,296 and \$14,109 for the years ended December 31, 2018 and 2017, respectively. Advertising expense is included as part of non-personnel expenses in the statement of functional expenses.

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. The Ministry has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report 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 Ministry has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. There were no payments for penalties and interest related to taxes during the years ended December 31, 2018 and 2017.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Ministry has adopted the presentation of these statements accordingly.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

(3) Availability and Liquidity

The following represents the Ministry's financial assets as of December 31, 2018 and 2017

Financial assets at year end:		2018	2017
Cash and cash equivalents	\$	1,104,104	\$ 885,770
Accounts receivable		12,501	22,566
Investments		1,288	0
Total financial assets		1,117,892	908,335
Less amounts received for future periods:			
Net assets with restrictions		297,658	46,935
Financial assets available to meet general expenditures			
over the next twelve months	\$	820,235	\$ 861,400

(4) Fixed Assets

Fixed assets consist of the following:

	2018	2017
Land	\$ 131,000	\$ 131,000
Buildings	2,125,000	2,125,000
Vehicles	122,375	122,375
Equipment	131,497	131,497
Total cost	2,509,872	2,509,872
Accumulated depreciation	1,124,824	1,033,858
FIXED ASSETS, NET	\$ 1,385,048	\$ 1,476,014

Depreciation expense totaled \$85,000 and \$64,000 for buildings and \$5,966 and \$4,475 for equipment for the year ended December 31, 2018 and 2017, respectively. The net book value of assets located in Haiti total approximately \$1,370,000.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

(5) Net Assets

Net assets consist of the following as of December 31, 2018 and 2017:

	2018	2017
Without donor restrictions	\$ 2,118,712	\$ 2,235,230
With donor restrictions		
Programs	\$ 282,921	34,058
Travel	0	0
General	0	0
Missionaries	14,737	12,877
Projects	0	0
	<u>297,658</u>	<u>46,935</u>
Total net assets	\$ 2,416,370	\$ 2,282,165

(6) Functional expenses

The breakdown of program revenue and expense for the year ended December 31, 2018 and 2017 is as follows:

2018				
Program	Revenue	Expense	Net change	
Programs	\$ 543,673	\$ 903,491	\$	(359,818)
Travel	1,087,180	902,598	\$	184,583
Missionaries	210,019	208,160	\$	1,860
Projects	463,317	193,397	\$	269,920
	<u>\$ 2,304,189</u>	<u>\$ 2,207,646</u>	<u>\$</u>	<u>96,543</u>

2017				
Program	Revenue	Expense	Net change	
Programs	\$ 615,196	\$ 870,791	\$	(255,595)
Travel	1,250,098	956,679	\$	293,419
Missionaries	252,029	227,781	\$	24,248
Projects	143,271	187,438	\$	(44,167)
	<u>\$ 2,260,594</u>	<u>\$ 2,242,689</u>	<u>\$</u>	<u>17,905</u>

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

(7) Subsequent events

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