

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

***Financial Statements***

***Years Ended December 31, 2019 and 2018***

# ***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, 2019 and 2018, 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, 2019 and 2018, 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 2018 financial statements, and our report dated October 14, 2019, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Humphrey CPA Group, P.C.*

Indianapolis, Indiana  
August 24, 2020

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF FINANCIAL POSITION December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 890,234	\$ 1,104,104
Receivables	3,408	12,501
Investments	0	1,288
<b>TOTAL CURRENT ASSETS</b>	<b>893,642</b>	<b>1,117,893</b>
<b>NON-CURRENT ASSETS</b>		
Fixed assets, net of depreciation	1,357,902	1,385,048
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,357,902</b>	<b>1,385,048</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,251,544</b>	<b>\$ 2,502,941</b>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,281	\$ 59,250
Accrued expenses	11,115	8,642
Short term borrowing	0	18,679
<b>TOTAL LIABILITIES</b>	<b>20,396</b>	<b>86,571</b>
<b><u>NET ASSETS</u></b>		
Net assets without donor restrictions	1,846,834	2,118,712
Net assets with donor restrictions	384,314	297,658
<b>TOTAL NET ASSETS</b>	<b>2,231,148</b>	<b>2,416,370</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,251,544</b>	<b>\$ 2,502,941</b>

See accompanying notes and independent auditor's report.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2019 with comparable totals for 2018

	2019			2018 Total Only
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 424,518	\$ 1,301,615	\$ 1,726,133	\$ 2,628,473
In-kind gifts	0	0	0	500
Interest income	9,753	0	9,753	6,235
Other income	43	0	43	0
<b>Total revenue</b>	<b>434,314</b>	<b>1,301,615</b>	<b>1,735,929</b>	<b>2,635,208</b>
Other revenue				
Net assets released from restrictions	1,214,959	(1,214,959)	0	0
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,649,273</b>	<b>86,656</b>	<b>1,735,929</b>	<b>2,635,208</b>
<b>EXPENSES</b>				
Program Services	1,601,692	0	1,601,692	2,207,646
Management and general	318,016	0	318,016	222,306
Fundraising	1,443	0	1,443	71,051
<b>TOTAL EXPENSES</b>	<b>1,921,151</b>	<b>0</b>	<b>1,921,151</b>	<b>2,501,003</b>
<b>CHANGE IN NET ASSETS</b>	<b>(271,878)</b>	<b>86,656</b>	<b>(185,222)</b>	<b>134,205</b>
<b>NET ASSETS, BEGINNING</b>	<b>2,118,712</b>	<b>297,658</b>	<b>2,416,370</b>	<b>2,282,165</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 1,846,834</b>	<b>\$ 384,314</b>	<b>\$ 2,231,148</b>	<b>\$ 2,416,370</b>

See accompanying notes and independent auditor's report.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019 with comparable totals for 2018

	2019					2018
	Program	Management	Fundraising	Total	Total Only	
	Services	and General	Expenses	Expenses	Expenses	
Salaries	\$ 418,288	\$ 143,443	\$ 0	\$ 561,731	\$ 586,912	
Payroll taxes	46,065	7,946	0	54,011	70,819	
Employee benefits	13,800	39,840	0	53,640	26,400	
Nonpersonnel expenses	521,881	53,391	(49)	575,223	722,239	
Travel and meetings	390,247	11,975	0	402,222	739,922	
Occupancy	105,557	30,060	0	135,617	141,114	
Depreciation	85,000	2,222	1,492	88,714	90,966	
Grants made	0	0	0	0	7,130	
Contract services	2,486	10,211	0	12,697	5,246	
Insurance expense	13,842	7,254	0	21,096	36,591	
Interest expense	0	0	0	0	614	
Miscellaneous	4,526	11,674	0	16,200	73,050	
<b>Total expenses</b>	<b>\$ 1,601,692</b>	<b>\$ 318,016</b>	<b>\$ 1,443</b>	<b>\$ 1,921,151</b>	<b>\$ 2,501,003</b>	

See accompanying notes and independent auditor's report.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from contributions	\$ 1,735,225	\$ 2,638,538
Cash receipts from other sources	43	0
Investment income	9,753	6,235
Cash paid to vendors and employees	(1,868,000)	(2,422,598)
Cash paid for interest	0	(614)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(122,979)</b>	<b>221,561</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(73,500)	0
Proceeds from sale of investments	1,379	0
Purchase of investments	(91)	(103)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(72,212)</b>	<b>(103)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net short term borrowing	(18,679)	(3,124)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(18,679)</b>	<b>(3,124)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(213,870)</b>	<b>218,334</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>1,104,104</b>	<b>885,770</b>
<b>CASH, END OF YEAR</b>	<b>\$ 890,234</b>	<b>\$ 1,104,104</b>

See accompanying notes and independent auditor's report.



# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

### (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, 2019 and 2018

### (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, 2019 and 2018, the balances in one institution exceeded the FDIC limits, and as of December 31, 2019 and 2018, the balances were above the FDIC guarantee limit by approximately \$0 and \$815,000.

#### **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, 2019 and 2018

### **(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 \$5,147 and \$14,296 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018.

#### **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, 2019 and 2018

### (3) Availability and Liquidity

The following represents the Ministry's financial assets as of December 31, 2019 and 2018

Financial assets at year end:		2019	2018
Cash and cash equivalents	\$	890,234	\$ 1,104,104
Accounts receivable		3,408	12,501
Total financial assets		893,642	1,116,605
Less amounts received for future periods:			
Net assets with restrictions		384,314	297,658
Financial assets available to meet general expenditures			
over the next twelve months	\$	509,329	\$ 818,947

### (4) Fixed Assets

Fixed assets consist of the following:

	2019	2018
Land	\$ 131,000	\$ 131,000
Buildings	2,188,500	2,125,000
Vehicles	108,511	122,375
Equipment	131,497	131,497
Total cost	2,559,508	2,509,872
Accumulated depreciation	1,201,606	1,124,824
<b>FIXED ASSETS, NET</b>	<b>\$ 1,357,902</b>	<b>\$ 1,385,048</b>

Depreciation expense totaled \$85,000 and \$64,000 for buildings and \$2,222 and \$5,966 for equipment for the year ended December 31, 2019 and 2018, respectively. The net book value of assets located in Haiti total approximately \$1,350,000.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

**(5) Net Assets**

Net assets consist of the following as of December 31, 2019 and 2018:

		<b>2019</b>		<b>2018</b>
Without donor restrictions	\$	1,846,834	\$	2,118,711
With donor restrictions				
Programs		344,664		282,921
Missionaries		39,650		14,737
<b>Total</b>		<b>384,314</b>		<b>297,658</b>
<b>Total net assets</b>	<b>\$</b>	<b>2,231,148</b>	<b>\$</b>	<b>2,416,370</b>

**(6) Functional expenses**

The breakdown of program revenue and expense for the year ended December 31, 2019 and 2018 is as follows:

<b>2019</b>						
<b>Program</b>		<b>Revenue</b>		<b>Expense</b>		<b>Net change</b>
Programs	\$	332,971	\$	440,321	\$	(107,350)
Travel		493,896		477,249		16,647
Missionaries		204,704		207,251		(2,547)
Projects		270,045		476,871		(206,826)
	<b>\$</b>	<b>1,301,616</b>	<b>\$</b>	<b>1,601,692</b>	<b>\$</b>	<b>(300,076)</b>

<b>2018</b>						
<b>Program</b>		<b>Revenue</b>		<b>Expense</b>		<b>Net change</b>
Programs	\$	543,673	\$	903,491	\$	(359,818)
Travel		1,087,180		902,598		184,582
Missionaries		210,019		208,160		1,859
Projects		463,317		193,397		269,920
	<b>\$</b>	<b>2,304,189</b>	<b>\$</b>	<b>2,207,646</b>	<b>\$</b>	<b>96,543</b>

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

(7) Subsequent events

**Coronavirus update**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to North West Haiti's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or other programs that are being provided. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

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