

NORTHWEST HAITI CHRISTIAN MISSION, INC.

Financial Statements

Years Ended December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 2019 financial statements, and our report dated August 24, 2020, 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, 2019, 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
August 17, 2021

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 763,386	\$ 890,234
Receivables	<u>15,988</u>	<u>3,408</u>
 TOTAL CURRENT ASSETS	 <u>779,374</u>	 <u>893,642</u>
NON-CURRENT ASSETS		
Fixed assets, net of depreciation	<u>1,368,070</u>	<u>1,357,902</u>
 TOTAL NON-CURRENT ASSETS	 <u>1,368,070</u>	 <u>1,357,902</u>
 TOTAL ASSETS	 \$ <u>2,147,444</u>	 \$ <u>2,251,544</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 20,293	\$ 9,281
Accrued expenses	<u>8,497</u>	<u>11,115</u>
 TOTAL LIABILITIES	 <u>28,790</u>	 <u>20,396</u>
<u>NET ASSETS</u>		
Net assets without donor restrictions	1,882,103	1,846,834
Net assets with donor restrictions	<u>236,551</u>	<u>384,314</u>
 TOTAL NET ASSETS	 <u>2,118,654</u>	 <u>2,231,148</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>2,147,444</u>	 \$ <u>2,251,544</u>

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

	2020			2019 Total Only
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions	\$ 1,046,022	\$ 327,162	\$ 1,373,184	\$ 1,726,133
Payroll Protection Loan Forgiven	48,894	0	48,894	0
Interest income	15,709	0	15,709	9,753
Other income	5,674	211	5,885	43
	1,116,299	327,373	1,443,672	1,735,929
Other revenue				
Net assets released from restrictions	475,136	(475,136)	0	0
	1,591,435	(147,763)	1,443,672	1,735,929
EXPENSES				
Program Services	1,320,625	0	1,320,625	1,601,692
Management and general	235,541	0	235,541	318,016
Fundraising	0	0	0	1,443
	1,556,166	0	1,556,166	1,921,151
CHANGE IN NET ASSETS	35,269	(147,763)	(112,494)	(185,222)
NET ASSETS, BEGINNING	1,846,834	384,314	2,231,148	2,416,370
NET ASSETS, ENDING	\$ 1,882,103	\$ 236,551	\$ 2,118,654	\$ 2,231,148

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

	2020				2019
	Program Services	Management and General	Fundraising Expenses	Total Expenses	Total Only Expenses
Salaries	\$ 355,754	\$ 89,244	\$ 0	\$ 444,998	\$ 561,731
Payroll taxes	48,610	5,929	0	54,539	54,011
Employee benefits	14,400	29,231	0	43,631	53,640
Nonpersonnel expenses	588,300	50,601	0	638,901	575,223
Travel and meetings	131,560	11,885	0	143,445	402,222
Occupancy	84,151	29,234	0	113,385	135,617
Depreciation	88,333	0	0	88,333	88,714
Contract services	5,534	12,635	0	18,169	12,697
Insurance expense	3,983	6,273	0	10,256	21,096
Miscellaneous	0	509	0	509	16,200
Total expenses	\$ 1,320,625	\$ 235,541	\$ 0	\$ 1,556,166	\$ 1,921,151

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions	\$ 1,409,498	\$ 1,735,225
Cash receipts from other sources	5,885	43
Investment income	15,709	9,753
Cash paid to vendors and employees	<u>(1,459,440)</u>	<u>(1,868,000)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(28,348)</u>	<u>(122,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(98,500)	(73,500)
Proceeds from sale of investments	0	1,379
Purchase of investments	<u>0</u>	<u>(91)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(98,500)</u>	<u>(72,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net short term borrowing	<u>0</u>	<u>(18,679)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>0</u>	<u>(18,679)</u>
NET INCREASE (DECREASE) IN CASH	(126,848)	(213,870)
CASH, BEGINNING OF YEAR	<u>890,234</u>	<u>1,104,104</u>
CASH, END OF YEAR	<u>\$ 763,386</u>	<u>\$ 890,234</u>

See accompanying notes and independent auditor's report.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(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

Financial statement presentation

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.

Method of accounting

The Ministry uses the accrual method of accounting in accordance with U.S. generally accepted accounting principles (US GAAP). Revenue is recorded in the period earned. Expenses are reported in the period incurred. US GAAP requires 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 statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. All transactions are valued using United States currency; therefore, no gains or losses from foreign translation are recorded. Operating activities consist of those items attributable to the Ministry's 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.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(2) Summary of significant accounting policies (continued)

Revenue Recognition

The Ministry has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Ministry's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way that IYSA recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Analysis of various provisions of these new standards resulted in no changes in the way that the Ministry recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

The Ministry recognizes contributions when cash, securities or other assets are received; if the donor has given an unconditional promise to give; or if a notification of a beneficial interest is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met. As on December 31, 2020, IYSA has not received any contributions with conditional promises.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

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.

Functional 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.

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(2) Summary of significant accounting policies (continued)

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.

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, 2020 and 2019.

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, 2020 and 2019

(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, 2020 and 2019, the balances in one institution exceeded the FDIC limits, and as of December 31, 2020 and 2019, the balances were above the FDIC guarantee limit by approximately \$0 and \$0. The Ministry has funds being held by an outside organization that is not subject to the FDIC limits. Amounts held in these accounts as of December 31, 2020 and 2019 totaled \$615,897 and \$647,354.

Advertising costs

Advertising costs are reported when incurred. Advertising expenses totaled \$58 and \$5,147 for the years ended December 31, 2020 and 2019, respectively. Advertising expense is included as part of non-personnel expenses in the statement of functional expenses.

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.

(3) Availability and Liquidity

The following represents the Ministry’s financial assets as of December 31, 2020 and 2019

Financial assets at year end:		
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 763,386	\$ 890,234
Accounts receivable	<u>15,988</u>	<u>3,408</u>
Total financial assets	<u>779,374</u>	<u>893,642</u>
Less amounts received for future periods:		
Net assets with restrictions	<u>236,551</u>	<u>384,314</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 542,823</u>	<u>\$ 509,328</u>

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(4) Fixed Assets

Fixed assets consist of the following:

	2020	2019
Land	\$ 131,000	\$ 131,000
Buildings	2,287,000	2,188,500
Vehicles	41,255	108,511
Equipment	131,497	131,497
Total cost	2,590,752	2,559,508
Accumulated depreciation	1,222,682	1,201,606
FIXED ASSETS, NET	\$ 1,368,070	\$ 1,357,902

Depreciation expense totaled \$85,000 and \$85,000 for buildings and \$3,333 and \$2,222 for equipment for the year ended December 31, 2020 and 2019, respectively. The net book value of assets located in Haiti total approximately \$1,350,000.

(5) Net Assets

Net assets consist of the following as of December 31, 2020 and 2019:

	2020	2019
Without donor restrictions	\$ 1,882,103	\$ 1,846,834
With donor restrictions		
Programs	209,748	344,664
Missionaries	26,803	39,650
Total	236,551	384,314
Total net assets	\$ 2,118,654	\$ 2,231,148

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(6) Functional expenses

The breakdown of program revenue and expense for the year ended December 31, 2020 and 2019 is as follows:

2020			
Program	Revenue	Expense	Net change
Programs	\$ 325,386	\$ 418,462	\$ (93,076)
Travel	122,137	176,760	(54,623)
Missionaries	176,486	191,786	(15,300)
Projects	275,592	533,617	(258,025)
	\$ 899,601	\$ 1,320,625	\$ (421,024)

2019			
Program	Revenue	Expense	Net change
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)
	\$ 1,301,616	\$ 1,601,692	\$ (300,076)

(7) Commitments and contingencies

The Ministry leases its headquarters to an unrelated party. The lease expired in May 2019 and was renewed for an additional three years. For the first twelve months of this lease, the monthly rent payment is \$1,786, for the next twelve months, the monthly rent payment will be \$1,839 and for the final twelve months, the monthly rent payment will be \$1,894. There is an option to extend the lease for an additional three years with rents increasing by 3% each twelve months. Lease payments for the year ended December 31, 2020 and 2019 totaled \$21,429 and \$20,463. Future minimum lease payments as of December 31, 2020 are as follows:

Year ended December 31, 2021	\$ 22,458
2022	9,472
	\$ 31,930

NORTHWEST HAITI CHRISTIAN MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(8) 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 the Ministry'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. The Ministry took out a Payroll Protection Program Loan from the U.S. Small Business Administration (SBA) in the amount of \$48,894. The Ministry met the requirements as outlined by the SBA to have this loan forgiven. The forgiven loan is presented as income in the statement of activities.

(9) Subsequent events

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

In June, 2021, the Ministry purchased approximately 2.5 acres of real estate, including a building in Lebanon, Indiana for \$185,000. This building will house the operations of the Ministry at some point during 2021. The Ministry used funds held at Christian Financial Resources to purchase the property in exchange for a promissory note in the amount of \$220,000, secured by assets held on behalf of the Ministry by Christian Financial Resources. The loan matures in July 2031. The first payment is due August 2031 in monthly installments of \$1,304 including interest at 3.75%. The interest rate can be adjusted at the beginning of the fifth year.