

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

***Financial Statements***

***Years Ended December 31, 2022 and 2021***

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

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,  
Northwest Haiti Christian Mission, Inc.  
Lebanon, Indiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Northwest Haiti Christian Mission, Inc.** (an Indiana not-for-profit corporation) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and functional expenses for the year ended December 31, 2022 with comparative totals for 2021, and the statements of cash flows and the related notes to the financial statements for the years ended December 31, 2022 and 2021.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Haiti Christian Mission as of December 31, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Haiti Christian Mission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Haiti Christian Mission's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northwest Haiti Christian Mission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Haiti Christian Mission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Other Matters**

We have previously audited Northwest Haiti Christian Mission's 2021 financial statements, and our report dated July 27, 2022, 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, 2021, 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 8, 2023

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 694,824	\$ 665,939
Receivables	24,992	27,442
TOTAL CURRENT ASSETS	<u>719,816</u>	<u>693,381</u>
NON-CURRENT ASSETS		
Fixed assets, net of depreciation	<u>1,522,007</u>	<u>1,567,203</u>
TOTAL NON-CURRENT ASSETS	<u>1,522,007</u>	<u>1,567,203</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,241,823</u></b>	<b>\$ <u>2,260,584</u></b>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Accounts payable	\$ 25,232	\$ 5,319
Accrued expenses	8,998	24,018
Current portion of long term debt	<u>7,941</u>	<u>7,650</u>
TOTAL CURRENT LIABILITIES	<u>42,171</u>	<u>36,987</u>
LONG TERM LIABILITIES		
Note payable, net of current portion	<u>201,306</u>	<u>209,246</u>
TOTAL LONG TERM LIABILITIES	<u>201,306</u>	<u>209,246</u>
<b>TOTAL LIABILITIES</b>	<u>243,477</u>	<u>246,233</u>
<b><u>NET ASSETS</u></b>		
Net assets without donor restrictions	1,795,462	1,831,441
Net assets with donor restrictions	<u>202,884</u>	<u>182,910</u>
<b>TOTAL NET ASSETS</b>	<u>1,998,346</u>	<u>2,014,351</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>2,241,823</u></b>	<b>\$ <u>2,260,584</u></b>

See accompanying notes and independent auditor's report.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022 with comparable totals for 2021

	2022			2021 Total Only
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 850,130	\$ 465,488	\$ 1,315,618	\$ 1,413,413
Payroll Protection Loan Forgiven	0	0	0	48,346
Interest income	12,537	0	12,537	13,850
Other income	15,455	0	15,455	105
	878,122	465,488	1,343,610	1,475,714
Other revenue				
Net assets released from restrictions	445,514	(445,514)	0	0
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,323,636</b>	<b>19,974</b>	<b>1,343,610</b>	<b>1,475,714</b>
<b>EXPENSES</b>				
Program Services	1,131,195	0	1,131,195	1,341,532
Management and general	228,420	0	228,420	238,837
Fundraising	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>1,359,615</b>	<b>0</b>	<b>1,359,615</b>	<b>1,580,369</b>
<b>CHANGE IN NET ASSETS</b>	(35,979)	19,974	(16,005)	(104,655)
<b>NET ASSETS, BEGINNING</b>	<b>1,831,441</b>	<b>182,910</b>	<b>2,014,351</b>	<b>2,119,006</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 1,795,462</b>	<b>\$ 202,884</b>	<b>\$ 1,998,346</b>	<b>\$ 2,014,351</b>

See accompanying notes and independent auditor's report.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022 with comparable totals for 2021

	2022			2021	
	Program Services	Management and General	Fundraising Expenses	Total Expenses	Total Only Expenses
Salaries	\$ 286,472	\$ 88,087	\$ 0	\$ 374,559	\$ 433,455
Payroll taxes	34,302	5,491	0	39,793	57,027
Employee benefits	14,400	26,704	0	41,104	41,431
Nonpersonnel expenses	547,514	52,680	0	600,194	683,067
Travel and meetings	59,354	21,195	0	80,549	106,257
Occupancy	91,292	9,577	0	100,869	127,804
Depreciation	91,169	0	0	91,169	92,545
Contract services	4,514	11,535	0	16,049	23,228
Insurance expense	2,178	5,148	0	7,326	11,030
Interest expense	0	8,003	0	8,003	3,922
Miscellaneous	0	0	0	0	603
Total expenses	\$ 1,131,195	\$ 228,420	\$ 0	\$ 1,359,615	\$ 1,580,370

See accompanying notes and independent auditor's report.



# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from contributions	\$ 1,318,067	\$ 1,401,959
Cash receipts from other sources	15,455	105
Investment income	12,537	13,850
Cash paid to vendors and employees	(1,255,549)	(1,483,003)
Cash paid for interest	<u>(8,003)</u>	<u>(3,922)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>82,507</u>	<u>(71,011)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(45,973)</u>	<u>(291,678)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(45,973)</u>	<u>(291,678)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Payroll Protection Program loan	0	48,346
Payments on long term debt	(7,649)	(3,104)
Proceeds on long term debt	<u>0</u>	<u>220,000</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>(7,649)</u>	<u>265,242</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	28,885	(97,447)
<b>CASH, BEGINNING OF YEAR</b>	<u>665,939</u>	<u>763,386</u>
<b>CASH, END OF YEAR</b>	<u>\$ 694,824</u>	<u>\$ 665,939</u>

See accompanying notes and independent auditor's report.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

### (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, 2022 and 2021

### **(2) Summary of significant accounting policies (continued)**

#### **Revenue Recognition**

##### **Contributions**

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 the Ministry recognizes revenue, and therefore on 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. 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, 2022, the Ministry has not received any contributions with conditional promises.

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.

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

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

### **(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.

#### **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.

#### **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, 2022 and 2021.

#### **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, 2022 and 2021, the balances did not exceed the FDIC limits, and as of December 31, 2022 and 2021, no balances were above the FDIC guarantee limit. 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, 2022 and 2021 totaled \$453,302 and \$512,764. A portion of these funds are pledged as collateral as described in Note 7 below.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

### **(2) Summary of significant accounting policies (continued)**

#### **Cash and cash equivalents**

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.

#### **Receivables**

Receivables consist of amounts received from donors through electronic means, but not yet transferred to operating accounts. No reserve has been set up, as management feels that all amounts are collectible.

#### **Fixed Assets**

Buildings are recorded at cost and are depreciated using the straight-line method over estimated useful lives of thirty five (35) 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.

#### **Advertising costs**

Advertising costs are reported when incurred. Advertising expenses totaled \$0 and \$0 for the years ended December 31, 2022 and 2021, respectively. Advertising expense is included as part of non-personnel expenses in the statement of functional expenses.

### **(3) Availability and Liquidity**

The following represents the Ministry's financial assets as of December 31, 2022 and 2021

Financial assets at year end:		
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 694,824	\$ 665,939
Accounts receivable	<u>24,992</u>	<u>27,442</u>
Total financial assets	<u>719,816</u>	<u>693,381</u>
Less amounts received for future periods:		
Net assets with restrictions	<u>202,884</u>	<u>182,910</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 516,932</u>	<u>\$ 510,471</u>

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

**(4) Fixed Assets**

Fixed assets consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 193,202	\$ 193,202
Buildings	2,562,450	2,516,477
Vehicles	41,255	41,255
Equipment	<u>131,497</u>	<u>131,497</u>
Total cost	2,928,404	2,882,431
Accumulated depreciation	<u>1,406,397</u>	<u>1,315,228</u>
<b>FIXED ASSETS, NET</b>	<u><u>\$ 1,522,007</u></u>	<u><u>\$ 1,567,203</u></u>

Depreciation expense totaled \$91,169 and \$88,101 for buildings and \$0 and \$4,444 for equipment for the year ended December 31, 2022 and 2021, respectively. The net book value of assets located in Haiti total approximately \$1,200,000.

**(5) Net Assets**

Net assets consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Without donor restrictions	\$ <u>1,795,462</u>	\$ <u>1,831,441</u>
With donor restrictions		
Programs	162,629	155,372
Missionaries	<u>40,255</u>	<u>27,538</u>
Total	<u>202,884</u>	<u>182,910</u>
Total net assets	<u><u>\$ 1,998,346</u></u>	<u><u>\$ 2,014,351</u></u>

Amounts released from donor restrictions during 2022 and 2021 for restrictions on programs totaled \$237,904 and \$232,127, respectively. Amounts released from donor restrictions for the Missionaries in 2022 and 2021 totaled \$207,609 and \$201,488, respectively.

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

### (6) Functional expenses

The breakdown of program revenue and expense for the year ended December 31, 2022 and 2021 is as follows:

<b>2022</b>			
<b>Program</b>	<b>Revenue</b>	<b>Expense</b>	<b>Net change</b>
Programs	\$ 305,447	\$ 345,853	\$ (40,406)
Travel	12,701	73,260	(60,559)
Missionaries	220,327	220,305	22
Projects	308,887	491,777	(182,890)
	\$ 847,362	\$ 1,131,195	\$ (283,833)

<b>2021</b>			
<b>Program</b>	<b>Revenue</b>	<b>Expense</b>	<b>Net change</b>
Programs	\$ 297,427	\$ 399,000	\$ (101,573)
Travel	40,659	142,153	(101,495)
Missionaries	202,223	202,963	(740)
Projects	414,660	597,415	(182,755)
	\$ 954,969	\$ 1,341,532	\$ (386,562)

### (7) Long term debt

In June 2021, the Ministry purchased approximately 2.5 acres of real estate, including a building in Lebanon, Indiana for \$185,000. This building houses the operations of the Ministry starting in July 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 monthly installments are \$1,304 including interest at 3.75%. The interest rate can be adjusted at the beginning of the fifth year. The following is the schedule of maturities over the next five years:

Year ended December 31, 2023	\$ 7,941
2024	8,244
2025	8,558
2026	8,885
2027	9,224
thereafter	166,395
	209,247
less current portion	7,941
Long term portion	\$ 201,306

# NORTHWEST HAITI CHRISTIAN MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

**(8) Commitments and contingencies**

The Ministry previously leased its headquarters from an unrelated party. The lease was terminated in December 31, 2021, before the expiration date of May 2022 and the Ministry accrued \$7,578 as of December 31, 2021 for payments still owed on the lease contract through May 2022. The accrued amounts were paid in 2022. Total rent expense for the years ended December 31, 2022 and 2021 totaled \$0 and \$28,702.

**(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.