

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**

**Audited Financial Statements and Supplementary Information  
For the Years Ended  
December 31, 2018 and 2017**

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Hope for Haiti's Children Ministries, Inc.  
Cincinnati, Ohio

We have audited the accompanying financial statements of Hope for Haiti's Children Ministries, Inc., (an Ohio nonprofit corporation, the "Organization"), which comprise the statements of financial position, as of December 31, 2018 and 2017, and the related statements of activities, statements of functional expenses, and statements of 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.

### Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 entity'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 entity'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 Hope for Haiti's Children Ministries, Inc. 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.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program expenses on page 20 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Matters

The financial statements for the period ending December 31, 2017 are not presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)*, effective for years beginning after December 15, 2017.

Sheldon Reder CPAs  
April 16, 2019



**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 147,000	\$ 329,703	\$ 476,703
Prepaid expenses	18,873	-	18,873
Pledges receivable, current portion	-	1,135,633	1,135,633
TOTAL CURRENT ASSETS	165,873	1,465,336	1,631,209
<b>NON-CURRENT ASSETS</b>			
Pledges receivable (net)	-	3,175,787	3,175,787
Investments	240,179	-	240,179
TOTAL NON-CURRENT ASSETS	240,179	3,175,787	3,415,966
<b>TOTAL ASSETS</b>	<b>\$ 406,052</b>	<b>\$ 4,641,123</b>	<b>\$ 5,047,175</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 29,564	\$ -	\$ 29,564
Salaries and payroll taxes payable	17,757	\$ -	17,757
Employee benefit payable	4,937	-	4,937
TOTAL CURRENT LIABILITIES	52,258	-	52,258
NET ASSETS	353,794	4,641,123	4,994,917
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 406,052</b>	<b>\$ 4,641,123</b>	<b>\$ 5,047,175</b>

See accompanying notes and independent auditors' report.

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 145,122	\$ 382,574	\$ 527,696
Prepaid expenses	25,067	-	25,067
Pledges receivable, current portion	-	1,048,161	1,048,161
<b>TOTAL CURRENT ASSETS</b>	<u>170,189</u>	<u>1,430,735</u>	<u>1,600,924</u>
<b>NON-CURRENT ASSETS</b>			
Pledges receivable (net)	-	3,031,947	3,031,947
Investments	168,592	-	168,592
<b>TOTAL NON-CURRENT ASSETS</b>	<u>168,592</u>	<u>3,031,947</u>	<u>3,200,539</u>
<b>TOTAL ASSETS</b>	<u>\$ 338,781</u>	<u>\$ 4,462,682</u>	<u>\$ 4,801,463</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 39,927	\$ -	\$ 39,927
Salaries and payroll taxes payable	14,622	-	14,622
Employee benefit payable	4,937	-	4,937
<b>TOTAL CURRENT LIABILITIES</b>	<u>59,486</u>	<u>-</u>	<u>59,486</u>
<b>NET ASSETS</b>	<u>279,295</u>	<u>4,462,682</u>	<u>4,741,977</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 338,781</u>	<u>\$ 4,462,682</u>	<u>\$ 4,801,463</u>

See accompanying notes and independent auditors' report.

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>			
<b>REVENUE AND PUBLIC SUPPORT</b>			
Contributions	\$ 709,776	\$ 1,561,633	\$ 2,271,409
Pledges income, net	-	249,475	249,475
Donated goods and services	7,956	680,580	688,536
Gross special events revenue	190,021	12,000	202,021
Less cost of direct benefit to donors	<u>(25,755)</u>	<u>-</u>	<u>(25,755)</u>
Net special events revenue	164,266	12,000	176,266
Net investment return	5,683	-	5,683
Assets released from restrictions	<u>2,325,247</u>	<u>(2,325,247)</u>	<u>-</u>
<b>TOTAL REVENUE AND PUBLIC SUPPORT</b>	<u>3,212,928</u>	<u>178,441</u>	<u>3,391,369</u>
<b>EXPENSES</b>			
Program	2,777,059	-	2,777,059
General and administrative	187,394	-	187,394
Fundraising	<u>173,976</u>	<u>-</u>	<u>173,976</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,138,429</u>	<u>-</u>	<u>3,138,429</u>
<b>CHANGE IN NET ASSETS</b>	74,499	178,441	252,940
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>279,295</u>	<u>4,462,682</u>	<u>4,741,977</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 353,794</u>	<u>\$ 4,641,123</u>	<u>\$ 4,994,917</u>

See accompanying notes and independent auditors' report.

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND PUBLIC SUPPORT</b>			
Contributions	\$ 594,908	\$ 1,481,840	\$ 2,076,748
Pledges income, net	-	530,054	530,054
Donated goods and services	5,697	454,457	460,154
Fundraising events, net	124,052	-	124,052
Other income	3,619	-	3,619
Assests released from restrictions	<u>1,929,729</u>	<u>(1,929,729)</u>	<u>-</u>
TOTAL REVENUE AND PUBLIC SUPPORT	2,658,005	536,622	3,194,627
 <b>EXPENSES</b>			
Program	2,230,543	-	2,230,543
General and administrative	167,023	-	167,023
Fundraising	<u>151,589</u>	<u>-</u>	<u>151,589</u>
TOTAL EXPENSES	<u>2,549,155</u>	<u>-</u>	<u>2,549,155</u>
<b>CHANGE IN NET ASSETS</b>	108,850	536,622	645,472
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>170,445</u>	<u>3,926,060</u>	<u>4,096,505</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 279,295</u>	<u>\$ 4,462,682</u>	<u>\$ 4,741,977</u>

See accompanying notes and independent auditors' report.



**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Direct Donor Benefit Costs</u>	<u>Total Expenses</u>
Compensation and related expenses					-
Compensation	\$ 152,355	\$ 97,953	\$ 111,992	\$ -	\$ 362,300
Payroll taxes	11,693	7,614	8,069	-	27,376
Employee benefits	3,102	3,119	8,163	-	14,384
Total compensation and related expenses	<u>167,150</u>	<u>108,686</u>	<u>128,224</u>	<u>-</u>	<u>404,060</u>
Grants	1,553,740	-	-	-	1,553,740
Travel	87,628	8,181	17,287	-	113,096
Supplies and materials	157,394	-	-	1,987	159,381
Postage and shipping	28,696	1,660	2,601	-	32,957
Information technology	14,754	10,966	1,568	-	27,288
Printing	9,293	5,343	19,596	-	34,232
Bank fees	1,812	19,575	-	-	21,387
Conferences and meetings	16,962	1,246	40	-	18,248
Professional fees	-	10,661	-	-	10,661
Contract services	17,567	-	-	-	17,567
Telephone	8,296	1,561	-	-	9,857
Office supplies	4,363	5,092	1,358	-	10,813
Repairs and maintenance	3,040	-	-	-	3,040
Insurance	873	2,830	-	-	3,703
Other expenses	387	1,072	1,046	655	3,160
Event equipment rental	-	-	-	2,757	2,757
Event facility	-	-	-	7,288	7,288
Event food	-	-	-	13,068	13,068
Event travel					
Staff expense	65	1,718	-	-	1,783
Bad debt expense	18,163	-	-	-	18,163
In kind donations	680,580	7,956	-	-	688,536
Consulting	6,296	847	2,256	-	9,399
Total expenses	<u>\$ 2,777,059</u>	<u>\$ 187,394</u>	<u>\$ 173,976</u>	<u>\$ 25,755</u>	<u>\$ 3,164,184</u>

See accompanying notes and independent auditors' report.

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Compensation and related expenses				
Compensation	\$ 138,302	\$ 93,559	\$ 101,106	\$ 332,967
Payroll taxes	11,305	7,295	7,375	25,975
Employee benefits	3,857	3,628	9,183	16,668
Total compensation and related expenses	<u>153,464</u>	<u>104,482</u>	<u>117,664</u>	<u>375,610</u>
Grants	1,352,889	-	-	1,352,889
Travel	95,545	863	14,308	110,716
Supplies and materials	78,892	-	-	78,892
Postage and shipping	27,461	893	1,353	29,707
Information technology	13,323	8,059	2,736	24,118
Printing	8,579	2,439	13,465	24,483
Bank fees	952	15,368	-	16,320
Conferences and meetings	15,809	167	-	15,976
Professional fees	-	7,609	-	7,609
Contract services	16,299	-	-	16,299
Telephone	7,162	1,232	-	8,394
Office supplies	4,155	960	898	6,013
Repairs and maintenance	500	-	-	500
Insurance	-	4,084	-	4,084
Other expenses	796	656	1,165	2,617
Rent	-	-	-	-
Staff expense	260	1,520	-	1,780
Bad debt expense	-	12,994	-	12,994
In kind donations	454,457	5,697	-	460,154
Total expenses	<u>\$ 2,230,543</u>	<u>\$ 167,023</u>	<u>\$ 151,589</u>	<u>\$ 2,549,155</u>

See accompanying notes and independent auditors' report.

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 252,940	\$ 645,472
Adjustments to reconcile change in net assets to net cash from operations		
(Increase) decrease in		
Pledges receivable	(231,312)	(517,060)
Prepaid expense	6,194	1,909
Increase (decrease) in		
Accounts payable	(10,363)	8,971
Accrued payroll taxes	3,135	1,204
Employee benefits payable	-	4,936
	20,594	145,432
<b>CASH FLOWS FROM INVESTING</b>		
Purchase of investments	(71,587)	(168,592)
Net cash used by investing activities	(71,587)	(168,592)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(50,993)	(23,160)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	527,696	550,856
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 476,703	\$ 527,696

See accompanying notes and independent auditors' report.

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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1. Organization and Nature of Activities

Hope for Haiti's Children Ministries, Inc., (the "Organization") is located in Cincinnati, Ohio and was organized in 1995. The organization is a not for profit corporation with a mission to educate and care for the impoverished children of Haiti. The organization meets the needs of the children through an education sponsorship program, health care services, orphan care and crisis relief efforts. The Organization is dependent upon contributions from the public and volunteers for its support.

2. Date of Management's Review

Management reviews events and transactions occurring subsequent to the date of the financial statements for matters requiring potential recognition or disclosure in the financial statements. The Organization has evaluated subsequent events through April 16, 2019, the date the financial statements were available to be issued.

3. Summary of Significant Accounting Policies

Basis of Presentation

The Organization's financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization 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 Organization's management and 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization currently does not have net assets with restrictions that are perpetual in nature.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets

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with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs and includes resources that generate return from investments and interest. Non-operating activities include other activities considered to be of a more unusual or nonrecurring nature. All activities of the Organization were operating activities in 2018 and 2017.

Cash and Cash Equivalents

The Organization'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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

As of December 31, 2018 and 2017, the Organization had cash balances in excess of federally insured limits of \$40,474 and \$52,851, respectively.

Pledges Receivable

The Organization receives pledges receivable for child sponsorships from various organizations and individuals. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is calculated at 1.25% above federal prime rate. Discount amortization is included in contribution revenue.

An allowance for uncollectible pledges is determined based on management's evaluation of the collectability of individual promises. For the years ended December 31, 2018, management estimates an allowance of 3.5% of gross pledges receivable. The estimate for the year ended December 31, 2017, was 3.5% of gross pledges receivable. Individual

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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pledges that are stopped or discontinued during the year due to non-payment are written off unless the donors indicate that payment is merely postponed.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:

- quoted prices for similar assets/liabilities in active markets;
- quoted prices for identical or similar assets in non-active markets;
- inputs other than quoted prices that are observable for the asset or liability; and,
- inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

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 with donor restrictions. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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assets without donor restrictions and reported in the statement 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.

In-Kind Donations

Volunteers contribute significant amounts of time in furtherance of the Organization's mission. These services are not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP. Contributed goods are recorded at fair value at the date of donation.

Donated professional services are recorded as public support only if they create or enhance nonfinancial assets or require specialized services. The Organization received \$400 of donated professional services (transportation) for the year ended December 31, 2018. No professional services were recorded in the year ended December 31, 2017.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

In 2018, approximately 88% of the Organization's total expenses related to program services, 6% to management and general services, and 6% to fundraising activities. In 2017, approximately 88% of the Organization's total expenses related to program services, 6% to management and general services, and 6% to fundraising activities.

Income Taxes

The Organization is an Ohio nonprofit corporation and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report any 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

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**NOTES TO FINANCIAL STATEMENTS**  
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considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting Standards Update

*Nonprofit Standard*

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements for Not-for-Profit Entities (Topic 958). 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 Organization has adjusted the presentation of these statements accordingly. The ASU has not been applied retrospectively to the prior period.

*Revenue Recognition Standard*

In May, 2014 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to. This standard may have an impact on the timing of when an entity recognizes certain revenue. The ASU is effective for nonpublic companies for years beginning after December 15, 2018.

*Lease Accounting Standard*

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and therefore, recognition of the lease assets and lease liabilities represent an improvement over previous GAAP, which did not require lease obligations to be recognized for most leases. The ASU is effective for nonpublic companies for years beginning after December 15, 2019.



**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation.

4. Availability and Liquidity

The following represents the Organization's financial assets at December 31:

	<u>2018</u>	<u>2017</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 476,703	\$ 527,696
Investments	240,179	168,592
Subtotal, available cash and investments	<u>716,882</u>	<u>696,288</u>
 Pledges receivable	 <u>4,311,420</u>	 <u>4,080,108</u>
 Total financial assets	 <u>\$5,028,302</u>	 <u>\$ 4,776,396</u>
 Less amounts not available to be used within one year:		
Net assets with donor restrictions	(4,641,123)	(4,462,682)
Add back net assets with purpose restrictions to be met in less than one year	329,703	382,574
Add back net assets with time restrictions to be met in less than one year	<u>1,135,633</u>	<u>1,048,161</u>
	<u>(3,175,787)</u>	<u>(3,031,947)</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$1,852,515</u>	 <u>\$ 1,744,449</u>

Average monthly expenses to maintain the Organization's operations in the US are approximately \$55,000. Normal, recurring monthly expenses to maintain operations in Haiti are approximately \$62,000. Cash flows fluctuate throughout the year due to the timing and nature of pledges receivable. Thus, it is the Organization's goal is to maintain available cash and investments sufficient to cover approximately three (3) months of combined US and Haiti operational expenses (approximately \$350,000).

Non-recurring expenses in Haiti are project oriented and special in nature. On a monthly basis, they average from \$60,000 to \$100,000. Cash flows from pledges receivable generally cover these expenses.

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

5. Pledges Receivable

Pledges receivable consisted of the following at December 31 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Due less than 1 year	\$1,135,633	\$1,048,161
Due 1 - 5 years	3,292,405	3,075,551
Due beyond 5 years	<u>775,297</u>	<u>688,032</u>
	5,203,335	4,811,744
Less Allowance for uncollectible pledges	(182,117)	(168,411)
Less Discount to present value	<u>(709,798)</u>	<u>(563,225)</u>
Pledges receivable, net	<u>\$4,311,420</u>	<u>\$4,080,108</u>

6. Investments

Investments at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	
	<u>Fair Value</u>	<u>Cost</u>
Fixed Income	<u>\$ 240,179</u>	<u>\$ 240,000</u>
	<u>\$ 240,179</u>	<u>\$ 240,000</u>

	<u>2017</u>	
	<u>Fair Value</u>	<u>Cost</u>
Equities	\$ 17,766	\$ 4,508
Fixed Income	<u>150,826</u>	<u>150,000</u>
	<u>\$ 168,592</u>	<u>\$ 154,508</u>

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Investments (Continued)

The Organization recorded interest income of \$5,923 and \$2,381 for the years ended December 31, 2018 and 2017, respectively. The Organization recorded unrealized loss of \$240 for the year ended December 31, 2018, and unrealized gains of \$1,238 for the year ended December 31, 2017.

As of December 31, 2018 and 2017, all investments were considered level 1 investments.

7. Net Assets

Net assets with donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Passage of Time - Pledges receivable	\$ 4,311,420	\$ 4,080,108
Purpose Restrictions		
Child education & vocational	208,714	170,537
Orphanage operations	4,698	-
Mission trips	41,798	48,908
School lunch program	40,942	66,560
Thomazeau Hope Center	-	24,041
Crisis relief	1,418	22,912
Joy Box/Gift Ministry	13,665	33,146
General Haiti operations	5,748	16,470
Leadership camp	5,932	-
School development	6,788	-
	<u>329,703</u>	<u>382,574</u>
	<u>\$ 4,641,123</u>	<u>\$ 4,462,682</u>

Net assets without donor restrictions for the years ended December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Undesignated	<u>\$ 353,794</u>	<u>\$ 279,295</u>

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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Net Assets (Continued)

Net assets released from net assets with donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Satisfaction of Time Restrictions	\$ 1,048,161	\$ 748,740
Satisfaction of Purpose Restrictions	<u>1,277,086</u>	<u>1,180,989</u>
	<u>\$ 2,325,247</u>	<u>\$ 1,929,729</u>

8. Fundraising Events

Breakfast fundraising events contributed to the resources available for programs during the years ended December 31, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Event Revenue	\$ 202,021	\$ 155,951
Event Expense	<u>(25,755)</u>	<u>(31,899)</u>
	<u>\$ 176,266</u>	<u>\$ 124,052</u>

9. Donated Goods and Services

During the years ended December 31, 2018 and 2017, the organization received various goods and services in connection with its program activities. The fair value of donated goods and services used in the operations of its programs in the years ended December 31, 2018 and 2017 totaled \$688,536 and \$460,154, respectively.

The quantity and value of donated goods and services for the year ended December 31, 2018 are as follows:

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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Donated Goods and Services (Continued)

	2018	
	Quantity	Value
Drugs and medical supplies	3,380	\$ 391,770
Food inventory	782,589	208,825
Other supplies	2,660	26,325
Joy Boxes	2,663	53,260
Office space	2	7,368
Office supplies	1	588
Transportation services	1	400
	791,296	\$ 688,536

10. Line of Credit

The Organization has an unsecured line of credit of \$60,000 on a credit cards. The available credit as of December 31, 2018 and 2017 was \$47,688 and \$28,685, respectively.

**HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.**  
**SCHEDULES OF PROGRAM EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (TOTAL)**

											2018	2017	
	Child Education	Program Services - U.S.	Orphanage Operations	Mission Trips	School Lunch Program	Thomazeau Hope Center	Crisis Relief	Joy Box/Gift Ministry	Haiti Operations	Leadership Camp	School Development	Total Program	Total Program
Compensation and related expenses													
Compensation	\$ -	\$ 152,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,355	\$ 138,302
Payroll taxes	-	11,693	-	-	-	-	-	-	-	-	-	11,693	11,305
Employee benefits	-	3,102	-	-	-	-	-	-	-	-	-	3,102	3,857
Total compensation and related expense	-	167,150	-	-	-	-	-	-	-	-	-	167,150	153,464
Grants	607,547	-	185,428	11,816	65,063	172,516	8,600	29,642	39,182	261,336	1,553,740	1,352,889	
Travel	3,127	11,243	1,625	56,475	-	6,490	100	-	210	-	87,628	95,545	
Supplies and materials	13,864	-	29,090	2,590	29,368	46,469	3,350	1,850	3,770	21,822	157,394	78,892	
Postage and shipping	49	4,499	-	272	-	138	-	22,918	7	-	28,696	27,461	
Information technology	20	7,315	600	-	-	26	-	1,527	-	5,266	14,754	13,323	
Printing	742	1,891	-	1,640	-	2,459	-	71	2,060	430	9,293	8,579	
Bank fees	-	1,812	-	-	-	-	-	-	-	-	1,812	952	
Conferences and meetings	5,020	-	679	-	-	-	-	-	11,263	-	16,962	15,809	
Contract services	11,553	-	1,269	180	-	1,870	-	-	2,270	-	17,567	16,299	
Telephone	1,752	867	1,169	32	-	762	-	3,501	-	-	8,296	7,162	
Office supplies	1,378	1,648	-	306	-	-	-	371	282	378	4,363	4,155	
Repairs and maintenance	-	-	487	-	-	500	-	800	-	1,253	3,040	500	
Insurance	79	-	-	231	-	523	-	40	-	-	873	-	
Other expenses	131	56	-	-	-	-	200	-	-	-	387	796	
Staff expense	-	65	-	-	-	-	-	-	-	-	65	260	
In kind donations	418,094	-	-	-	208,826	-	-	53,260	-	-	680,580	454,457	
Bad debt expense	15,319	-	2,844	-	-	-	-	-	-	-	18,163	-	
Consulting	-	6,254	-	-	-	-	-	-	42	-	6,296	-	
Total expenses	\$ 1,078,675	\$ 202,800	\$ 223,191	\$ 73,542	\$ 303,257	\$ 231,753	\$ 12,250	\$ 107,883	\$ 194,137	\$ 59,086	\$ 2,777,059	\$ 2,230,543	