

Haiti Nursing Foundation, Inc.
(a nonprofit Michigan corporation)
Ann Arbor, Michigan

Financial Statements

July 31, 2018 and 2017

Haiti Nursing Foundation, Inc.

Table of Contents

Independent Auditor's Report	Pages 1 - 2
Statements of Financial Position July 31, 2018 and 2017	Page 3
Statement of Activities Year ended July 31, 2018	Page 4
Statement of Activities Year ended July 31, 2017	Page 5
Statement of Functional Expenses Year ended July 31, 2018	Page 6
Statement of Functional Expenses Year ended July 31, 2017	Page 7
Statements of Cash Flows Years ended July 31, 2018 and 2017	Page 8
Notes to Financial Statements	Pages 9-14

Independent Auditors' Report

To the Board of Directors
Haiti Nursing Foundation, Inc.
Ann Arbor, Michigan

We have audited the accompanying financial statements of Haiti Nursing Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of July 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haiti Nursing Foundation, Inc. as of July 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.

Altruic Advisors, PLLC

Certified Public Accountants

Ann Arbor, Michigan
January 15, 2019

Haiti Nursing Foundation, Inc.

Statements of Financial Position

July 31	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 227,398	\$ 231,461
Prepaid expenses	2,982	2,707
Total current assets	<u>230,380</u>	<u>234,168</u>
Equipment		
Computer equipment	2,715	2,715
Less accumulated depreciation	(782)	(239)
Net property and equipment	<u>1,933</u>	<u>2,476</u>
Other Assets		
Security deposits	500	650
Total other assets	<u>500</u>	<u>650</u>
Total assets	<u>\$ 232,813</u>	<u>\$ 237,294</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 3,340	\$ 2,021
Accrued wages and payroll taxes	6,832	6,054
Grants payable	150,000	126,000
Deferred revenue	550	1,700
Total current liabilities	<u>160,722</u>	<u>135,775</u>
Net Assets (Deficit)		
Without donor restrictions		
Designated for reserves	100,168	100,031
Undesignated	(115,119)	(109,692)
Total without restrictions	<u>(14,951)</u>	<u>(9,661)</u>
With donor restrictions	87,042	111,180
Total net assets	<u>72,091</u>	<u>101,519</u>
Total liabilities and net assets	<u>\$ 232,813</u>	<u>\$ 237,294</u>

The accompanying Notes are an integral part of these financial statements

Haiti Nursing Foundation, Inc.

Statement of Activities

Year ended July 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Support and Revenue			
General donations	\$ 362,571	\$ 59,000	\$ 421,571
Grants	25,000	-	25,000
Special events, net	36,085	-	36,085
In-kind donations - services	35,953	-	35,953
In-kind donations - supplies and materials	92,915	-	92,915
Total support and revenue	<u>552,524</u>	<u>59,000</u>	<u>611,524</u>
Net assets released from restrictions			
Satisfaction of program restrictions	<u>83,138</u>	<u>(83,138)</u>	<u>-</u>
Total operating support and revenue	<u>635,662</u>	<u>(24,138)</u>	<u>611,524</u>
Operating Expenses			
Program Services	<u>570,789</u>	<u>-</u>	<u>570,789</u>
Supporting Services			
General and administrative	50,887	-	50,887
Fundraising	19,482	-	19,482
Total supporting services	<u>70,369</u>	<u>-</u>	<u>70,369</u>
Total operating expenses	<u>641,158</u>	<u>-</u>	<u>641,158</u>
Total operating support and revenue in excess of operating expenses	<u>(5,496)</u>	<u>(24,138)</u>	<u>(29,634)</u>
Other Changes			
Interest income	<u>206</u>	<u>-</u>	<u>206</u>
Change in Net Assets	<u>(5,290)</u>	<u>(24,138)</u>	<u>(29,428)</u>
Net Assets (Deficit), Beginning of Year	<u>(9,661)</u>	<u>111,180</u>	<u>101,519</u>
Net Assets (Deficit), End of Year	<u>\$ (14,951)</u>	<u>\$ 87,042</u>	<u>\$ 72,091</u>

The accompanying Notes are an integral
part of these financial statements

Haiti Nursing Foundation, Inc.

Statement of Activities

Year ended July 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Support and Revenue			
General donations	\$ 349,013	\$ 111,180	\$ 460,193
Grants	123,625	-	123,625
Special events, net	48,425	-	48,425
In-kind donations - services	43,298	-	43,298
In-kind donations - supplies and materials	24,068	-	24,068
Miscellaneous income	179	-	179
Total support and revenue	<u>588,608</u>	<u>111,180</u>	<u>699,788</u>
Operating Expenses			
Program Services	<u>533,175</u>	<u>-</u>	<u>533,175</u>
Supporting Services			
General and administrative	45,944	-	45,944
Fundraising	15,510	-	15,510
Total supporting services	<u>61,454</u>	<u>-</u>	<u>61,454</u>
Total operating expenses	<u>594,629</u>	<u>-</u>	<u>594,629</u>
Total operating support and revenue in excess of operating expenses	<u>(6,021)</u>	<u>111,180</u>	<u>105,159</u>
Other Changes			
Interest income	42	-	42
Loss on disposition of property & equipment	<u>(1,114)</u>	<u>-</u>	<u>(1,114)</u>
Total other changes	<u>(1,072)</u>	<u>-</u>	<u>(1,072)</u>
Change in Net Assets	<u>(7,093)</u>	<u>111,180</u>	<u>104,087</u>
Net Assets (Deficit), Beginning of Year	<u>(2,568)</u>	<u>-</u>	<u>(2,568)</u>
Net Assets (Deficit), End of Year	<u>\$ (9,661)</u>	<u>\$ 111,180</u>	<u>\$ 101,519</u>

The accompanying Notes are an integral
part of these financial statements

Haiti Nursing Foundation, Inc.

Statement of Functional Expenses

Year ended July 31, 2018

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries and wages	\$ 66,805	\$ 28,619	\$ 9,835	\$ 38,454	\$ 105,259
Payroll tax expense	5,921	2,536	867	3,403	9,324
Benefits	1,514	649	222	871	2,385
Total personnel costs	<u>74,240</u>	<u>31,804</u>	<u>10,924</u>	<u>42,728</u>	<u>116,968</u>
Direct FSIL Support:					
General nursing school support	317,460	-	-	-	317,460
In-kind travel and supplies	92,915	-	-	-	92,915
In-kind contracted services	35,953	-	-	-	35,953
Total direct FSIL support	<u>446,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,328</u>
Professional fees	13,658	5,728	2,643	8,371	22,029
Advertising	11,933	5,004	2,310	7,314	19,247
Rent - office	7,197	3,018	1,393	4,411	11,608
Conferences and meetings	6,011	-	-	-	6,011
Employee travel	3,046	1,277	590	1,867	4,913
Merchant and bank fees	1,853	777	359	1,136	2,989
Insurance	1,339	561	259	820	2,159
Miscellaneous	1,156	485	224	709	1,865
Supplies and materials	1,150	482	223	705	1,855
Postage	958	402	186	588	1,546
Hosting and website	627	263	121	384	1,011
Telephone	540	227	105	332	872
Board and staff development	322	135	62	197	519
Copy and printing	229	96	44	140	369
Repairs and maintenance	202	85	39	124	326
Total expenses before depreciation	<u>570,789</u>	<u>50,344</u>	<u>19,482</u>	<u>69,826</u>	<u>640,615</u>
Depreciation	-	543	-	543	543
Total expenses	<u>\$ 570,789</u>	<u>\$ 50,887</u>	<u>\$ 19,482</u>	<u>\$ 70,369</u>	<u>\$ 641,158</u>

The accompanying Notes are an integral part of these financial statements

Haiti Nursing Foundation, Inc.

Statement of Functional Expenses

Year ended July 31, 2017

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries and wages	\$ 75,214	\$ 28,216	\$ 8,004	\$ 36,220	\$ 111,434
Payroll tax expense	6,199	2,324	661	2,985	9,184
Benefits	1,079	404	115	519	1,598
Total personnel costs	<u>82,492</u>	<u>30,944</u>	<u>8,780</u>	<u>39,724</u>	<u>122,216</u>
Direct FSIL Support:					
General nursing school support	344,978	-	-	-	344,978
In-kind travel and supplies	24,068	-	-	-	24,068
In-kind medical and dental services	21,146	-	-	-	21,146
In-kind contracted labor	18,949	-	-	-	18,949
In-kind curriculum and instruction	3,203	-	-	-	3,203
Total direct FSIL support	<u>412,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,344</u>
Professional fees	11,020	4,621	2,133	6,754	17,774
Advertising	6,648	2,788	1,286	4,074	10,722
Rent - office	4,092	1,716	792	2,508	6,600
Merchant and bank fees	2,608	1,094	505	1,599	4,207
Postage	2,594	1,088	502	1,590	4,184
Conferences and meetings	3,456	-	-	-	3,456
Dues and subscriptions	1,837	770	356	1,126	2,963
Supplies and materials	1,240	520	240	760	2,000
Insurance	1,104	463	214	677	1,781
Copying and printing	893	374	173	547	1,440
Telephone	853	358	165	523	1,376
Hosting and website	810	340	157	497	1,307
Board and staff development	632	265	122	387	1,019
Miscellaneous	552	184	85	269	821
Total expenses before depreciation	<u>533,175</u>	<u>45,525</u>	<u>15,510</u>	<u>61,035</u>	<u>594,210</u>
Depreciation	-	419	-	419	419
Total expenses	<u>\$ 533,175</u>	<u>\$ 45,944</u>	<u>\$ 15,510</u>	<u>\$ 61,454</u>	<u>\$ 594,629</u>

The accompanying Notes are an integral part of these financial statements

Haiti Nursing Foundation, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended July 31	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ (29,428)	\$ 104,087
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	543	419
Net appreciation of investments	-	1,130
Increase (decrease) from changes in assets and liabilities		
Prepaid expenses	(275)	(1,070)
Inventory	-	1,147
Security deposits	150	-
Accounts payable	1,319	901
Accrued wages and payroll taxes	778	(2,061)
Grants payable	24,000	6,000
Deferred revenue	(1,150)	1,700
Net cash provided (used) by operating activities	<u>(4,063)</u>	<u>112,253</u>
Cash Flows From Investing Activities		
Purchases of equipment	-	(2,715)
Net cash used by investing activities	<u>-</u>	<u>(2,715)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,063)	109,538
Cash and Cash Equivalents, Beginning of Year	231,461	121,923
Cash and Cash Equivalents, End of Year	\$ 227,398	\$ 231,461

The accompanying Notes are an integral
part of these financial statements

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2018 and 2017

Note 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization. Haiti Nursing Foundation (“the Foundation”) is a nonprofit organization, which supports a professional program of study in nursing science in Haiti, incorporating public health principles to prepare graduates for effective health care service.

Use of Estimates. The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting. The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents. The Foundation considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Equipment. Haiti Nursing Foundation’s capitalizes all expenditures for equipment in excess of \$500 and a useful life of more than one year. Equipment is recorded at cost for purchased items, while repair and maintenance items are charged to expense as incurred. Donations of equipment are capitalized at their estimated fair value at the time of receipt. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets, which is generally three to five years. Depreciation expense for the years ended July 31, 2018 and 2017 was \$543 and \$419, respectively.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset’s carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended July 31, 2018 and 2017.

Net Asset Classification. The Foundation has adopted accounting standards which require that the Foundation distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. These standards require that resources be classified for reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two net asset categories are as follows:

Without donor restrictions. Net assets not subject to donor-imposed stipulations.

With donor restrictions. Net assets subject to donor-imposed stipulations that may or may not be met by either actions of the Foundation and/or the passage of time.

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2018 and 2017

Note 1 - Nature of Organization and Significant Accounting Policies (continued)

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended July 31, 2018 and 2017.

Contributions. Contributions are recognized when the donation is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Services. Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services including curriculum development, medical and dental services, and clinical instruction, as recognized in the financial statements, were \$35,953 and \$43,298 for the years ended July 31, 2018 and 2017, respectively.

A substantial number of other individuals have made contributions of their time to assist the Foundation in a variety of tasks and services. The value of these services is not recorded in the accompanying financial statements, as these services do not meet the criteria for recognition.

Advertising. The Foundation expenses advertising costs, including donated advertising, as they are incurred. Total advertising expense for the years ended July 31, 2018 and 2017 was \$19,247 and \$10,722, respectively.

Income Taxes. The Foundation is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expense was incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Subsequent Events. The Foundation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through January 15, 2019, the date at which the financial statements were available for release.

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2018 and 2017

Note 2 - New Accounting Pronouncement

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, with the stated purpose of improving financial reporting by not-for-profit entities. During the year ended July 31, 2018, the Foundation adopted the requirements of ASU 2016-14 and, as a result, adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Foundation's financial statements:

The temporarily restricted net asset class has been renamed "net assets with donor restrictions".

The unrestricted net asset class has been renamed "net assets without donor restrictions".

The financial statements include a new disclosure about liquidity and availability of resources (Note 7).

The changes have the following effect on net assets at July 31, 2017:

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets (deficit)	\$ (9,611)	\$ -
Temporarily restricted net assets	111,180	-
Net assets (deficit) without donor restrictions	-	(9,611)
Net assets with donor restrictions	-	111,180
	<u>\$ 101,569</u>	<u>\$ 101,569</u>

In addition, certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 3 - Related Party Transactions and Foreign Operations

The Foundation provides ongoing support to the Faculty of Nursing Science of the Episcopal University of Haiti ("FSIL"). While the Foundation and FSIL share some common governance, consolidation of the FSIL operations into the financial statements of the Foundation is not currently required.

During the years ended July 31, 2018 and 2017, the Foundation provided direct monetary support to FSIL of \$317,460 and \$344,978, respectively.

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2018 and 2017

Note 4 - Net Assets with Donor Restrictions

The balances of net assets with donor restrictions at July 31, 2018 and 2017 are as follows:

Purpose	August 1, 2017	Increases	Releases	July 31, 2018
	Balance			Balance
RN to BSN Program	\$ 70,032	\$ -	\$ 33,200	\$ 36,832
Student Sponsorships	31,500	34,000	31,500	34,000
Disaster Relief	9,648	-	-	9,648
Essential Equipment	-	25,000	18,438	6,562
	<u>\$ 111,180</u>	<u>\$ 59,000</u>	<u>\$ 83,138</u>	<u>\$ 87,042</u>

Purpose	August 1, 2016	Increases	Releases	July 31, 2017
	Balance			Balance
RN to BSN Program	\$ -	\$ 70,032	\$ -	\$ 70,032
Student Sponsorships	-	31,500	-	31,500
Disaster Relief	-	9,648	-	9,648
	<u>\$ -</u>	<u>\$ 111,180</u>	<u>\$ -</u>	<u>\$ 111,180</u>

Note 5 – Retirement Plan

Haiti Nursing Foundation has established a SIMPLE IRA plan for eligible employees. The plan requires the Foundation to match employee contributions, from 1% to 3% of annual gross wages. In order to be eligible to participate, an employee must earn a minimum of \$5,000 during each calendar year and have attained the age of 21 years. The employer contributions are immediately vested. The Foundation contributed \$2,385 and \$1,598 during the years ended July 31, 2018 and 2017, respectively.

Note 6 - Special Events

The Foundation derived net support and revenue from the following special fundraising events during the year ended July 31, 2018:

	Support a Healthier Haiti	NBNA Gala	Total
Support and revenue	\$ 20,257	\$ 34,225	\$ 54,482
Less direct costs	(8,977)	(9,420)	(18,397)
Net support and revenue	<u>\$ 11,280</u>	<u>\$ 24,805</u>	<u>\$ 36,085</u>

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2018 and 2017

Note 6 - Special Events (continued)

The Foundation derived net support and revenue from the following special fundraising events during the year ended July 31, 2017:

	Support a Healthier Haiti	NBNA Gala	Total
Support and revenue	\$ 37,313	\$ 47,682	\$ 84,995
Less direct costs	(7,318)	(29,252)	(36,570)
Net support and revenue	<u>\$ 29,995</u>	<u>\$ 18,430</u>	<u>\$ 48,425</u>

Note 7 - Liquidity and Availability

The Foundation receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation has a liquidity policy to maintain current financial assets less current liabilities at a minimum of four months budgeted operating expenses. To achieve this target, the Foundation forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended July 31, 2018 and 2017, the level of liquidity and reserves was managed within the policy requirements.

The Foundation's financial assets available for general expenditures within one year are as follows at July 31:

	2018	2017
Financial assets at year end:		
Cash and cash equivalents	\$ 227,398	\$ 231,461
Prepaid expenses	2,982	2,707
	<u>230,380</u>	<u>234,168</u>
Less amounts not available to be used within one year:		
Assets designated by the board for operational reserve	<u>(100,168)</u>	<u>(100,031)</u>
Financial assets available for general expenditures within one year	<u>\$ 130,212</u>	<u>\$ 134,137</u>

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2018 and 2017

Note 8 - Concentration of Credit Risk

Support Concentration. The Foundation had one donor who compromised 10% of total support and revenue for the year ended July 31, 2017.

Bank Deposits. The Foundation maintained cash balances in excess of federally insured limits at certain times during the year ended July 31, 2017.

Geographical Concentration. The Foundation receives a substantial amount of its support and revenue from within the Southeast Michigan area. The effects of this concentration of credit risk on the Foundation's financial statements have not been determined for the years ended July 31, 2018 and 2017.