

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

Financial Statements

July 31, 2019 and 2018

Haiti Nursing Foundation, Inc.

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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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Altruic Advisors, PLLC

Certified Public Accountants

Ann Arbor, Michigan
February 26, 2020

Haiti Nursing Foundation, Inc.

Statements of Financial Position

July 31	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 245,562	\$ 227,398
Pledges and grants receivable	5,000	-
Prepaid expenses	2,769	2,982
Total current assets	<u>253,331</u>	<u>230,380</u>
Equipment		
Computer equipment	2,715	2,715
Less accumulated depreciation	(1,325)	(782)
Net property and equipment	<u>1,390</u>	<u>1,933</u>
Other Assets		
Security deposits	500	500
Total other assets	<u>500</u>	<u>500</u>
Total assets	<u>\$ 255,221</u>	<u>\$ 232,813</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 2,878	\$ 3,340
Accrued wages and payroll taxes	7,078	6,832
Grants payable	16,680	150,000
Deferred revenue	1,000	550
Total current liabilities	<u>27,636</u>	<u>160,722</u>
Net Assets (Deficit)		
Without donor restrictions		
Designated for reserves	101,670	100,168
Undesignated	20,232	(115,119)
Total without restrictions	<u>121,902</u>	<u>(14,951)</u>
With donor restrictions		
Total net assets	<u>105,683</u>	<u>87,042</u>
Total net assets	<u>227,585</u>	<u>72,091</u>
Total liabilities and net assets	<u>\$ 255,221</u>	<u>\$ 232,813</u>

The accompanying Notes are an integral part of these financial statements

Haiti Nursing Foundation, Inc.

Statement of Activities

Year ended July 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Operating Support			
General donations	\$ 385,512	\$ 69,203	\$ 454,715
Grants	39,000	-	39,000
In-kind donations - services	66,330	-	66,330
In-kind donations - supplies and materials	45,152	-	45,152
Net assets released from restrictions			
Satisfaction of program restrictions	50,562	(50,562)	-
Total operating support	<u>586,556</u>	<u>18,641</u>	<u>605,197</u>
Operating Revenue			
Special events, net	<u>11,930</u>	<u>-</u>	<u>11,930</u>
Total operating support and revenue	<u>598,486</u>	<u>18,641</u>	<u>617,127</u>
Operating Expenses			
Program Services	<u>389,786</u>	<u>-</u>	<u>389,786</u>
Supporting Services			
General and administrative	50,644	-	50,644
Fundraising	22,706	-	22,706
Total supporting services	<u>73,350</u>	<u>-</u>	<u>73,350</u>
Total operating expenses	<u>463,136</u>	<u>-</u>	<u>463,136</u>
Total operating support and revenue in excess of operating expenses	<u>135,350</u>	<u>18,641</u>	<u>153,991</u>
Other Changes			
Interest income	<u>1,503</u>	<u>-</u>	<u>1,503</u>
Change in Net Assets	<u>136,853</u>	<u>18,641</u>	<u>155,494</u>
Net Assets (Deficit), Beginning of Year	<u>(14,951)</u>	<u>87,042</u>	<u>72,091</u>
Net Assets, End of Year	<u>\$ 121,902</u>	<u>\$ 105,683</u>	<u>\$ 227,585</u>

The accompanying Notes are an integral
part of these financial statements

Haiti Nursing Foundation, Inc.

Statement of Activities

Year ended July 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
General donations	\$ 362,571	\$ 59,000	\$ 421,571
Grants	25,000	-	25,000
In-kind donations - services	35,953	-	35,953
In-kind donations - supplies and materials	92,915	-	92,915
Net assets released from restrictions			
Satisfaction of program restrictions	83,138	(83,138)	-
Total operating support	<u>599,577</u>	<u>(24,138)</u>	<u>575,439</u>
Operating Revenue			
Special events, net	<u>36,085</u>	<u>-</u>	<u>36,085</u>
Total operating support and revenue	<u>635,662</u>	<u>(24,138)</u>	<u>611,524</u>
Operating Expenses			
Program Services	<u>569,801</u>	<u>-</u>	<u>569,801</u>
Supporting Services			
General and administrative	51,563	-	51,563
Fundraising	19,794	-	19,794
Total supporting services	<u>71,357</u>	<u>-</u>	<u>71,357</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 Functional Expenses

Year ended July 31, 2019

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries and wages	\$ 76,697	\$ 28,611	\$ 12,880	\$ 41,491	\$ 118,188
Payroll tax expense	6,347	2,367	1,066	3,433	9,780
Benefits	1,859	693	312	1,005	2,864
Total personnel costs	<u>84,903</u>	<u>31,671</u>	<u>14,258</u>	<u>45,929</u>	<u>130,832</u>
Direct FSIL Support:					
General nursing school support	139,640	-	-	-	139,640
In-kind travel and supplies	45,152	-	-	-	45,152
In-kind contracted labor	25,120	-	-	-	25,120
In-kind curriculum and instruction	23,900	-	-	-	23,900
In-kind medical and dental services	17,310	-	-	-	17,310
Total direct FSIL support	<u>251,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,122</u>
Advertising	14,230	5,254	2,408	7,662	21,892
Professional fees	13,171	4,863	2,229	7,092	20,263
Rent - office	8,034	2,966	1,360	4,326	12,360
Employee travel	3,247	1,199	550	1,749	4,996
Merchant and bank fees	2,856	1,054	483	1,537	4,393
Conferences and meetings	3,843	-	-	-	3,843
Dues and subscriptions	1,565	578	265	843	2,408
Insurance	1,518	561	257	818	2,336
Miscellaneous	1,074	396	182	578	1,652
Supplies and materials	905	334	153	487	1,392
Copying, printing, and postage	845	312	143	455	1,300
Hosting and website	797	294	135	429	1,226
Telephone	741	274	125	399	1,140
Repairs and maintenance	539	199	91	290	829
Board and staff development	396	146	67	213	609
Depreciation	-	543	-	543	543
Total expenses	<u>\$ 389,786</u>	<u>\$ 50,644</u>	<u>\$ 22,706</u>	<u>\$ 73,350</u>	<u>\$ 463,136</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	\$ 28,618	\$ 9,834	\$ 38,452	\$ 105,257
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>31,803</u>	<u>10,923</u>	<u>42,726</u>	<u>116,966</u>
Direct FSIL Support:					
General nursing school support	317,461	-	-	-	317,461
In-kind travel and supplies	92,915	-	-	-	92,915
In-kind contracted labor	35,953	-	-	-	35,953
Total direct FSIL support	<u>446,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,329</u>
Professional fees	13,658	5,728	2,644	8,372	22,030
Advertising	11,933	5,004	2,310	7,314	19,247
Rent - office	7,197	3,018	1,393	4,411	11,608
Employee travel	3,045	1,277	590	1,867	4,912
Conferences and meetings	3,407	-	-	-	3,407
Merchant and bank fees	1,853	777	359	1,136	2,989
Dues and subscriptions	1,614	677	312	989	2,603
Insurance	1,339	561	259	820	2,159
Copying, printing, and postage	1,188	498	230	728	1,916
Miscellaneous	1,156	485	224	709	1,865
Supplies and materials	1,150	482	223	705	1,855
Hosting and website	628	263	121	384	1,012
Telephone	540	227	105	332	872
Depreciation	-	543	-	543	543
Board and staff development	322	135	62	197	519
Repairs and maintenance	202	85	39	124	326
Total expenses	<u>\$ 569,801</u>	<u>\$ 51,563</u>	<u>\$ 19,794</u>	<u>\$ 71,357</u>	<u>\$ 641,158</u>

Haiti Nursing Foundation, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended July 31	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ 155,494	\$ (29,428)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	543	543
Increase (decrease) from changes in assets and liabilities		
Prepaid expenses	213	(275)
Pledges and grants receivable	(5,000)	-
Security deposits	-	150
Accounts payable	(462)	1,319
Accrued wages and payroll taxes	246	778
Grants payable	(133,320)	24,000
Deferred revenue	450	(1,150)
Net cash provided (used) by operating activities	<u>18,164</u>	<u>(4,063)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	18,164	(4,063)
Cash and Cash Equivalents, Beginning of Year	<u>227,398</u>	<u>231,461</u>
Cash and Cash Equivalents, End of Year	<u>\$ 245,562</u>	<u>\$ 227,398</u>

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2019 and 2018

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. The Foundation’s revenues are derived principally from contributions.

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.

Pledges and Grants Receivable. Pledges and grants receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to the allowance account based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to grants receivable. As of July 31, 2019, management believes all pledges and grants receivable are fully collectible and accordingly, no allowance for doubtful accounts has been recorded. As of July 31, 2018, there were no grants receivable. Conditional promises to give are recorded when the conditions on which they depend are substantially met.

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 was \$543 for each of the years ended July 31, 2019 and 2018.

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, 2019 and 2018.

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2019 and 2018

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

Basis of Presentation. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated, receiving contributions that have no donor stipulations, providing services, receiving rents, and receiving interest and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions. Net assets resulting from gifts of cash or other assets that are received with donor stipulations that limit the use of the donated net assets, until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

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 \$66,330 and \$35,953 for the years ended July 31, 2019 and 2018, 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, 2019 and 2018 was \$21,892 and \$19,247, 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.

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2019 and 2018

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

Reclassifications. Certain amounts from the financial statements for the year ended July 31, 2018 have been reclassified to conform with current year presentation, without affecting the change in net assets.

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 February 26, 2020, the date at which the financial statements were available for release.

Note 2 - 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, 2019 and 2018, the Foundation provided direct monetary support to FSIL of \$139,640 and \$317,461 respectively.

Note 3 - Net Assets with Donor Restrictions

The balances of net assets with donor restrictions at July 31, 2019 and 2018 are as follows:

	August 1, 2018			July 31, 2019
<i>Purpose Restriction:</i>	<u>Balance</u>	<u>Increases</u>	<u>Releases</u>	<u>Balance</u>
FNP Program	\$ -	\$ 31,203	\$ -	\$ 31,203
Student Sponsorships	34,000	23,000	26,000	31,000
RN to BSN Program	36,832	-	18,000	18,832
Essential Equipment	6,562	10,000	6,562	10,000
Disaster Relief	9,648	-	-	9,648
Time Restrictions	-	5,000	-	5,000
	<u>\$ 87,042</u>	<u>\$ 69,203</u>	<u>\$ 50,562</u>	<u>\$ 105,683</u>
	August 1, 2017			July 31, 2018
<i>Purpose Restriction:</i>	<u>Balance</u>	<u>Increases</u>	<u>Releases</u>	<u>Balance</u>
Student Sponsorships	\$ 31,500	\$ 34,000	\$ 31,500	\$ 34,000
RN to BSN Program	70,032	-	33,200	36,832
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>

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2019 and 2018

Note 4 – 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 \$2,864 and \$2,385 during the years ended July 31, 2019 and 2018, respectively.

Note 5 - Special Events

The Foundation derived net support and revenue from the following special fundraising event during the year ended July 31, 2019:

	Support a Healthier Haiti
Support and revenue	<u>\$ 19,878</u>
Less direct costs	<u>(7,948)</u>
Net support and revenue	<u><u>\$ 11,930</u></u>

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

Note 6 - Liquidity and Availability of Resources

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, 2019 and 2018, the level of liquidity and reserves was managed within the policy requirements.

Haiti Nursing Foundation, Inc.

Notes to Financial Statements

July 31, 2019 and 2018

Note 6 - Liquidity and Availability of Resources (continued)

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

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 245,562	\$ 227,398
Pledges and grants receivable	5,000	-
Prepaid expenses	2,769	2,982
	<u>253,331</u>	<u>230,380</u>
Less amounts not available to be used within one year:		
Assets designated by the board for operational reserve	<u>(101,670)</u>	<u>(100,168)</u>
Financial assets available for general expenditures within one year	<u>\$ 151,661</u>	<u>\$ 130,212</u>

Note 7 - Commitment and Subsequent Event

The Foundation leases office space under a one-year operating lease agreement that expired in September 2019, with monthly payments of \$1,030. Rent expense, including utilities and maintenance, was \$12,360 for the year ended July 31, 2019.

Subsequent to year-end, the Foundation extended the aforementioned lease agreement through September 2021. The new agreement requires monthly payments of \$1,050.

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, 2018.

Bank Deposits. The Foundation maintained cash balances in excess of federally insured limits at certain times during the year ended July 31, 2018.

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, 2019 and 2018.

Note 9 - Subsequent Event

In February 2020, the Foundation's board of directors approved a \$29,000 grant award to FSIL (see Note1) for roof repairs needed at the FSIL Nursing School.