

**Mission of Hope Haiti, Inc.**  
**Financial Statements**  
**June 30, 2013**

**Cary, Trlica & Wood, P.C.**  
*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT

Management and Board of Directors  
Mission of Hope Haiti, Inc.  
Austin, Texas

We have audited the accompanying financial statements of Mission of Hope Haiti, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Mission of Hope Haiti, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Cary, Trlica & Wood, P.C.*

Cary, Trlica & Wood, PC  
July 21, 2015

**Mission of Hope Haiti, Inc.**  
**Statement of Financial Position**  
**June 30, 2013**

**Assets**

Cash and Cash Equivalents	\$ 2,479,964
Accounts Receivable	44,102
Other Assets	115,216
Property and Equipment, Net	9,649,898
Construction in Progress	745,518
Investments	<u>280,085</u>
 Total Assets	 <u><u>\$ 13,314,783</u></u>

**Liabilities and Net Assets**

**Liabilities**

Accounts Payable and Accrued Expenses	\$ 168,435
Deferred Revenue	<u>298,264</u>
 Total Liabilities	 466,699

**Net Assets**

Unrestricted	10,960,605
Temporarily Restricted	<u>1,887,479</u>
 Total Net Assets	 <u>12,848,084</u>
 Total Liabilities and Net Assets	 <u><u>\$ 13,314,783</u></u>

**Mission of Hope Haiti, Inc.**  
**Statement of Activities**  
**For The Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenues</b>			
Contributions	\$ 4,974,566	\$ 1,285,076	\$ 6,259,642
Contributed Goods and Services	16,497,305	-	16,497,305
Activities and Programs	2,451,264	-	2,451,264
Special Events, Net	20,306	-	20,306
Investment Income	11,789	-	11,789
Other Income	391,212	-	391,212
	<hr/>	<hr/>	<hr/>
Total Support and Revenues	24,346,442	1,285,076	25,631,518
Net Assets Released from Restrictions	1,392,601	(1,392,601)	-
	<hr/>	<hr/>	<hr/>
Total Support, Revenues and Reclassifications	25,739,043	(107,525)	25,631,518
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<b>Expenses</b>			
Program Services	22,005,616	-	22,005,616
General and Administrative	1,023,426	-	1,023,426
Fundraising	366,838	-	366,838
	<hr/>	<hr/>	<hr/>
Total Expenses	23,395,880	-	23,395,880
<b>Change In Net Assets</b>	2,343,163	(107,525)	2,235,638
Net Assets - Beginning of Year	8,617,442	1,995,004	10,612,446
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<b>Net Assets - End of Period</b>	<u>\$ 10,960,605</u>	<u>\$ 1,887,479</u>	<u>\$ 12,848,084</u>

**Mission of Hope Haiti, Inc.**  
**Statement of Functional Expenses**  
**For The Year Ended June 30, 2013**

	Program Services	Management and General	Fundraising	Total Expenses
Advertising	\$ -	\$ 31,228	\$ 60,722	\$ 91,950
Agricultural Program	51,901	-	-	51,901
Church of Hope	76,995	-	-	76,995
Computer Expense	47,878	8,977	2,992	59,848
Construction Projects	290,941	-	-	290,941
Containers	91,170	-	-	91,170
Depreciation and Amortization	296,188	35,386	17,912	349,486
Education	189,157	-	88	189,245
Fuel	146,956	48,044	-	195,000
Gifts-in-Kind - Food Distribution	16,370,640	-	-	16,370,640
Group Trips	755,705	-	84,157	839,862
Lespwa Means Hope	148	-	444	592
Maintenance	89,400	9,933	-	99,333
Medical Care	152,535	-	-	152,535
Nutrition Program	571,029	-	-	571,029
Office Expense	342,620	160,575	51,824	555,019
Office Rent and Utilities	19,767	3,706	1,235	24,708
Orphan Care	73,984	-	-	73,984
Professional Services	18,905	49,073	5,402	73,380
Salaries and Benefits	1,945,728	580,946	124,845	2,651,519
Telephone	39,098	7,330	2,443	48,871
Transaction Fees	59,822	15,104	593	75,519
Travel Expense	182,633	34,244	11,415	228,291
Vehicle Expenses	162,970	23,023	2,765	188,758
Water	29,448	15,856	-	45,304
Total	<u>\$ 22,005,616</u>	<u>\$ 1,023,426</u>	<u>\$ 366,838</u>	<u>\$ 23,395,880</u>

**Mission of Hope Haiti, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2013**

**Cash Flows from Operating Activities**

Change in Net Assets \$ 2,235,638

Adjustments to Reconcile change in Net Assets to

Net Cash Provided by operating activities:

Depreciation 349,486

Realized and Unrealized (Gains) on Investments (2,229)

(Increase) Decrease in:

Accounts and Employee Receivables 16,842

Prepaid Expenses (3,806)

Other Assets 42,554

Increase (Decrease) in:

Accounts Payable and Accrued Expenses 8,054

Deferred Revenue (118,111)

Net Cash Provided by Operating Activities 2,528,428

**Cash Flows from Investing Activities**

Purchases of Property and equipment (314,249)

Additions to Construction in Process (1,892,752)

Proceeds from Sale of Investments 23,752

Purchases of Investments (29,750)

Net Cash Used by Investing Activities (2,212,999)

**Net Change in Cash and Cash Equivalents**

315,429

Cash and Cash Equivalents - Beginning of Year

2,164,535

**Cash and Cash Equivalents - End of Year**

\$ 2,479,964

Supplemental Disclosures

Contributed Goods and Services \$ 16,497,305

Transfer of Construction Process to Property and Equipment \$ 2,872,538

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Mission of Hope Haiti, Inc. (the Organization), is a not for profit, faith based corporation organized under Internal Revenue Service (IRS) Section 501(c)(3) in the State of Ohio on May 23, 2001. The Vision of the Organization is to bring life transformation to every man, woman, and child in Haiti by following Jesus Christ. The Organization fulfills this Vision by executing on the following core initiatives: church advancement, educational development, health care, orphan care, and the HaitiOne network. The Organization operates in Haiti as Fondation Mission de l'Espoir, a registered Non-Government Organization in Haiti. The Organization has been classified as a publicly supported organization that is not a private foundation under 509(a) of the Code. The donor base of Mission of Hope Haiti, Inc. consists primarily of residents of the United States of America and Canada.

**Basis of Accounting**

The accounts of the Organization are maintained, and the accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when the obligation is incurred.

**Financial Statement Presentation**

The accompanying financial statements have been prepared in accordance with the reporting principles of not-for-profit accounting as defined by current accounting standards for general-purpose external financial statements of not-for-profit organizations.

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted – Net assets not subject to donor-imposed restrictions. Such assets are available for any purpose consistent with the Organization's mission.

Temporarily Restricted – Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Organization and/or the passage of time. Such assets normally fund specific expenditures of a specific operating or capital nature.

Permanently Restricted – Net assets subject to donor-imposed restrictions requiring they be maintained permanently by the Organization. Such assets are normally restricted to long-term investment with income earned and appreciation available for specific or general Organization purposes. The Organization had no permanently restricted net assets as of June 30, 2013.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Liquidity**

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

**Cash and Cash Equivalents**

The Organization considers all bank and similar deposits, demand accounts, money market funds, and short-term investments with an original maturity of three months or less to be cash equivalents. The Organization maintains bank accounts with balances, which, at times, may exceed federally insured limits.

**Fair Value Measurements**

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

*Level 2* – Financial assets and liabilities are valued using inputs and quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset or inputs that reflect the reporting entity's own assumptions

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds and real estate.

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or purchased and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment is depreciated using the straight-line method calculated over the estimated useful lives of three through forty years. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. The cost of maintenance and repairs that does not materially prolong the useful lives of assets is charged to expense as incurred.

**Contributions**

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributed Services and Goods**

Contributed services meeting the requirement for recognition in the financial statements are recorded at the fair market value of professional services rendered. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with programs and fundraising activities; however, no amounts have been reflected in the financial statements as these services do not meet the requirement for recognition. The Organization received approximately 215,000 volunteer hours for the year ended June 30, 2013.

Contributed goods that meet the requirement for recognition in the financial statement are recorded at fair market value on the date of the gift. During the year ended June 30, 2013, donated goods were recorded totaling \$16,497,305.

**Income Taxes**

The Internal Revenue Service has determined that the Organization is a nonprofit Church that is exempt from income taxes under the provisions of Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements.

The Organization follows the income tax standard for uncertain tax positions. The Organization evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2013.

The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. The tax years ending 2010 to 2012 are open to examination by federal and state authorities.

**Functional Allocation of Expenses**

The costs of providing various programs and supporting services of Mission of Hope Haiti, Inc. are allocated based on the best estimates of management.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 30, 2015, the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments consist of the following at June 30, 2013:

	<u>Cost</u>	<u>Market</u>
Fixed Income	\$ 224,148	\$ 225,359
Real Estate Investment Trusts	17,636	16,869
Securitized Reserves	18,389	18,358
Equities	<u>15,002</u>	<u>19,499</u>
Total	<u>\$ 275,175</u>	<u>\$ 280,085</u>

Investment return during the year ended June 30, 2013 totaled \$11,789.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2 INVESTMENTS (CONTINUED)**

The Organization uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income	\$ 225,359	\$ -	\$ -	\$ 225,359
Real Estate Investment Trusts	16,869	-	-	16,869
Securitized Reserves	18,358	-	-	18,358
Equities	19,499	-	-	19,499
	<u>\$ 280,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,085</u>

**NOTE 3 PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, at June 30, 2013, consisted of the following:

Land	\$ 881,557
Buildings and Improvements	9,191,508
Furniture and Equipment	214,903
Automobiles	711,630
	<u>10,999,598</u>
Less Accumulated Depreciation	<u>(1,349,700)</u>
	<u>\$ 9,649,898</u>

Depreciation expense during the year ended June 30, 2013 totaled \$349,486.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 4 CONSTRUCTION IN PROCESS**

Construction in process consisted of the following at June 30, 2013:

Bercy Villas	\$ 68,192
Bercy Pastor Conference Center	50,464
Bercy Primary School	15,531
Leveque School	10,040
Technical School	1,063
Leveque Homes	148,717
MOH House	155,250
Bercy Dorms 3&4	166,840
Bercy Dorms 5	2,534
Leveque Church	126,887
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	\$ 745,518

**NOTE 5 DEFERRED REVENUE**

During the year ended June 30, 2013, the Organization collected \$218,264 from individuals to be utilized for group trips occurring subsequent to June 30, 2013. Deferred Revenue also includes \$80,000 related to the sale of property in which the sale did not occur until subsequent to June 30, 2013.

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2013:

College Scholarship Program	\$ 5,657
Nutrition Program	4,260
Bible Fund	3,093
Agricultural Program	28,700
Orphanage Support	11,394
Surgical Fund	15,847
Construction Projects	1,818,528
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	\$ 1,887,479

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 7 LEASE COMMITMENT**

The Organization had a lease agreement with JV5, LLC. The office facility lease was for a period of one year and it was up for renewal in August, 2013. Total rent expense was \$17,924 during the year ended June 30, 2013.

**NOTE 8 CONTRIBUTED GOODS AND PROPERTY**

During the year ended June 30, 2013, the Organization received contributed goods through partnership with Convoy of Hope, Inc. and other organizations valued at \$16,497,305 which represents fair market value of the goods at the time of donation. The goods were utilized in its nutrition program.

**NOTE 9 CONCENTRATIONS**

During the year ended June 30, 2013, the Organization received approximately 64% of its revenues from contributed goods from one donor.