

**Mission of Hope Haiti, Inc.**  
**Financial Statements**  
**June 30, 2014**

**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, 2014, 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, 2014, 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  
September 30, 2015

**Mission of Hope Haiti**  
**Statement of Financial Position**  
**June 30, 2014**

**Assets**

Cash and Cash Equivalents	2,261,180
Accounts Receivable	12,455
Other Assets	66,232
Property and Equipment, Net	11,161,072
Construction in Process	347,732
Investments	<u>291,862</u>
 Total Assets	 <u><u>\$ 14,140,533</u></u>

**Liabilities and Net Assets**

**Liabilities**

Accounts Payable and Accrued Expenses	\$ 210,348
Deferred Revenue	<u>320,135</u>
 Total Liabilities	 530,483

**Net Assets**

Unrestricted	11,966,979
Temporarily Restricted	<u>1,643,071</u>
 Total Net Assets	 <u>13,610,050</u>
 Total Liabilities and Net Assets	 <u><u>\$ 14,140,533</u></u>

**Mission of Hope Haiti**  
**Statement of Activities**  
**For The Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenues</b>			
Contributions	\$ 5,547,712	\$ 895,456	\$ 6,443,168
Contributed Goods and Services	31,620,792	-	31,620,792
Activities and Programs	2,774,994	-	2,774,994
Special Events, Net	(1,381)	-	(1,381)
Investment Income	20,421	-	20,421
Other Income	273,960	-	273,960
	<hr/>	<hr/>	<hr/>
Total Support and Revenues	40,236,498	895,456	41,131,954
Net Assets Released from Restrictions	1,139,864	(1,139,864)	-
	<hr/>	<hr/>	<hr/>
Total Support, Revenues and Reclassifications	41,376,362	(244,408)	41,131,954
	<hr/>	<hr/>	<hr/>
<b>Expenses</b>			
Program Services	\$ 38,517,441	\$ -	\$ 38,517,441
General and Administrative	1,308,069	-	1,308,069
Fundraising	544,478	-	544,478
	<hr/>	<hr/>	<hr/>
Total Expenses	40,369,988	-	40,369,988
	<hr/>	<hr/>	<hr/>
<b>Change In Net Assets</b>	1,006,374	(244,408)	761,966
Net Assets - Beginning of Year	10,960,605	1,887,479	12,848,084
	<hr/>	<hr/>	<hr/>
<b>Net Assets - End of Year</b>	<u>\$ 11,966,979</u>	<u>\$ 1,643,071</u>	<u>\$ 13,610,050</u>

**Mission of Hope Haiti**  
**Statement of Functional Expenses**  
**For The Year Ended June 30, 2014**

	Program Services	Management and General	Fundraising	Total Expenses
Advertising	\$ -	\$ 41,663	\$ 113,486	\$ 155,149
Agricultural Program	208,066	-	-	208,066
Church Advancement	228,224	-	-	228,224
Computer Expense	91,479	17,153	5,718	114,350
Construction Projects	156,859	-	-	156,859
Containers	37,409	-	-	37,409
Depreciation and Amortization	370,238	44,038	22,213	436,489
Education	308,622	-	493	309,115
Fuel	231,960	75,610	-	307,570
Gifts-in-Kind - Food Distribution	31,340,019	-	-	31,340,019
Group Trips	952,849	-	77,415	1,030,264
Loss on Sale of MOH House	-	100,250	-	100,250
Maintenance	141,169	15,685	-	156,854
Medical Care	115,175	-	-	115,175
Nutrition Program	570,564	-	-	570,564
Office Expense	525,691	152,255	85,291	763,237
Office Rent and Utilities	22,746	4,265	1,421	28,432
Orphan Care	109,252	-	-	109,252
Professional Services	30,935	48,611	8,838	88,384
Salaries and Benefits	2,506,848	705,990	206,914	3,419,752
Telephone	33,909	6,358	2,119	42,386
Transaction Fees	66,425	16,697	362	83,484
Travel Expense	303,597	56,924	18,975	379,496
Vehicle Expenses	81,230	10,823	1,233	93,286
Water	84,175	11,747	-	95,922
Total	<u>\$ 38,517,441</u>	<u>\$ 1,308,069</u>	<u>\$ 544,478</u>	<u>\$ 40,369,988</u>

**Mission of Hope Haiti, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2014**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 761,966
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	436,489
Realized and Unrealized (Gains) on Investments	(13,657)
Donated Securities	(342,699)
Net Realized Losses on Sale of Fixed Assets	99,500
(Increase) Decrease in:	
Accounts and Employee Receivables	31,817
Prepaid Expenses	(4,837)
Other Assets	53,821
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	41,913
Deferred Revenue	21,871
Net Cash Provided by Operating Activities	1,086,184

**Cash Flows from Investing Activities**

Purchases of Property and Equipment	(286,898)
Additions to Construction in Process	(1,452,479)
Proceeds from Sale of Fixed Assets	90,000
Proceeds from Sale of Investments	447,176
Purchases of Investments	(102,767)
Net Cash Used by Investing Activities	(1,304,968)

**Net Change in Cash and Cash Equivalents**

(218,784)

Cash and Cash Equivalents - Beginning of Year

2,479,964

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

\$ 2,261,180

Supplemental Disclosures

Contributed Goods and Services	\$ 31,620,792
Contributed Securities	\$ 342,699
Transfer of Construction in Process to Property and Equipment	\$ 1,695,014

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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) Code 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 investments with income earned and appreciation available for specific or general Organization purposes. The Organization had no permanently restricted net assets as of June 30, 2014.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014**

**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 do 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, 2014**

**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 235,200 volunteer hours for the year ended June 30, 2014.

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, 2014, donated goods were recorded totaling \$31,620,792.

**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, 2014.

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 2011 to 2013 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, 2014**

**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 September 30, 2015, the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments consist of the following at June 30, 2014:

	<u>Cost</u>	<u>Market</u>
Fixed Income	\$ 262,167	\$ 244,560
Real Estate Investment Trusts	17,714	14,557
Securitized Reserves	4,290	7,678
Equities	<u>24,540</u>	<u>25,067</u>
Total	<u>\$ 308,711</u>	<u>\$ 291,862</u>

Investment return during the year ended June 30, 2014 totaled \$20,421.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income	\$ 244,560	\$ -	\$ -	\$ 244,560
Real Estate Investment Trusts	14,557	-	-	14,557
Securitized Reserves	7,678	-	-	7,678
Equities	25,067	-	-	25,067
	<u>\$ 291,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,862</u>

**NOTE 3 PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, at June 30, 2014, consisted of the following:

Land	\$ 1,081,660
Buildings and Improvements	10,892,687
Furniture and Equipment	244,628
Automobiles	722,536
	<u>12,941,511</u>
Less Accumulated Depreciation	<u>(1,780,439)</u>
	<u>\$ 11,161,072</u>

Depreciation expense during the year ended June 30, 2014 totaled \$436,489.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 CONSTRUCTION IN PROCESS**

Construction in process consisted of the following at June 30, 2014:

Bercy Pastor Conference Center	\$ 296,873
Vision House Addition	40,059
Leveque Homes	10,800
	<u>\$ 347,732</u>

**NOTE 5 DEFERRED REVENUE**

During the year ended June 30, 2014, the Organization collected \$320,135 from individuals to be utilized for group trips occurring subsequent to June 30, 2014.

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2014:

HaitiOne Network Development	\$ 548,915
Nutrition Program	1,836
Church Advancement Projects	3,560
Bible Fund	4,379
Agricultural Program	89,065
Orphanage Support	3,560
Surgical Fund	15,279
Construction Projects	976,477
	<u>\$ 1,643,071</u>

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 7 LEASE COMMITMENT**

The Organization had a lease agreement with Modern Components, LLC. The office facility lease was for a period of three years ending December 31, 2016, with an option to renew for an additional two years. Total rent expense was \$21,075 during the year ended June 30, 2014.

The following is a schedule by fiscal year of future minimum payments required under this lease:

Year ending June 30:		
2015	\$	44,548
2016		52,776
2017		26,388
Total	\$	<u>123,712</u>

**NOTE 8 CONTRIBUTED GOODS AND PROPERTY**

During the year ended June 30, 2014, the Organization received contributed goods through partnership with Convoy of Hope, Inc. and other organizations valued at \$31,620,792 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, 2014, the Organization received approximately 76% of its revenues from contributed goods from one donor.