

**MISSION OF HOPE HAITI, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2012**

**MISSION OF HOPE HAITI, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Management and Board of Directors  
Mission of Hope Haiti, Inc.  
Fort Myers, Florida

We have audited the accompanying statement of financial position for Mission of Hope Haiti, Inc. (MOH), a nonprofit corporation, as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



**CliftonLarsonAllen LLP**

Naples, Florida  
May 20, 2013

**MISSION OF HOPE HAITI, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012**

**ASSETS**

Cash and Cash Equivalents	\$ 2,164,535
Other Assets	214,908
Investments	271,858
Property and Equipment, Net	6,812,598
Construction In Process	<u>1,725,303</u>
 Total Assets	 <u><u>\$ 11,189,202</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 160,381
Deferred Revenue	<u>416,375</u>
Total Liabilities	<u>576,756</u>

**NET ASSETS**

Unrestricted	8,617,442
Temporarily Restricted	<u>1,995,004</u>
Total Net Assets	<u>10,612,446</u>
 Total Liabilities and Net Assets	 <u><u>\$ 11,189,202</u></u>

*See accompanying Notes to Financial Statements.*

**MISSION OF HOPE HAITI, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 3,938,764	\$ 1,487,503	\$ -	\$ 5,426,267
Contributed Goods and Services	35,940,156	-	-	35,940,156
Contributed Property	261,523	-	-	261,523
Activities and Programs	2,139,397	-	-	2,139,397
Special Events, Net	39,904	-	-	39,904
Investment Income	9,554	-	-	9,554
Other Income	178,625	-	-	178,625
Total Support and Revenues	<u>42,507,923</u>	<u>1,487,503</u>	<u>-</u>	<u>43,995,426</u>
Net Assets Released from Restrictions	<u>483,992</u>	<u>(483,992)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues and Reclassification	42,991,915	1,003,511	-	43,995,426
<b>EXPENSES</b>				
Program Services	40,371,349	-	-	40,371,349
General and Administrative	713,226	-	-	713,226
Fundraising	423,787	-	-	423,787
Total Expenses	<u>41,508,362</u>	<u>-</u>	<u>-</u>	<u>41,508,362</u>
<b>CHANGE IN NET ASSETS</b>	1,483,553	1,003,511	-	2,487,064
Net Assets - Beginning of Year	<u>7,133,889</u>	<u>991,493</u>	<u>-</u>	<u>8,125,382</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 8,617,442</u></u>	<u><u>\$ 1,995,004</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,612,446</u></u>

See accompanying Notes to Financial Statements.

**MISSION OF HOPE HAITI, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2012**

	Program Services	Management and General	Fundraising	Total Expenses
Advertising	\$ -	\$ 36,318	\$ 96,878	\$ 133,196
Agricultural Program	36,042	-	-	36,042
Church of Hope	70,570	-	-	70,570
Computer Expense	47,872	8,976	2,992	59,840
Construction Projects	369,010	-	-	369,010
Containers	42,360	-	-	42,360
Depreciation and Amortization	221,830	26,336	13,264	261,430
Education	172,972	-	851	173,823
Fuel	107,624	32,793	-	140,417
Gifts-in-Kind - Food Distribution	35,916,419	-	-	35,916,419
Group Trips	439,841	-	95,329	535,170
Lespwa Means Hope	7,962	-	23,886	31,848
Maintenance	50,255	5,583	-	55,838
Medical Care	85,772	-	-	85,772
Nutrition Program	575,883	-	-	575,883
Office Expense	259,469	76,595	47,111	383,175
Office Rent and Utilities	17,969	3,369	1,123	22,461
Orphan Care	53,445	-	-	53,445
Professional Services	16,275	47,041	4,650	67,966
Salaries and Benefits	1,531,710	398,432	127,438	2,057,580
Telephone	20,434	3,831	1,277	25,542
Transaction Fees	45,175	11,362	272	56,809
Travel Expense	126,195	23,661	7,887	157,743
Vehicle Expenses	90,880	11,571	829	103,280
Water	65,385	27,358	-	92,743
Total	<u>\$ 40,371,349</u>	<u>\$ 713,226</u>	<u>\$ 423,787</u>	<u>\$ 41,508,362</u>

See accompanying Notes to Financial Statements.

**MISSION OF HOPE HAITI, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 2,487,064
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	261,430
Realized and Unrealized (Gains) on Investments	(4,318)
Donated Securities	(15,002)
(Increase) Decrease in:	
Employee Receivables	-
Prepaid Expenses	(3,045)
Other Assets	(177,248)
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	33,498
Deferred Revenue	179,635
Net Cash Provided by Operating Activities	<u>2,762,014</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property and Equipment	(249,803)
Additions to Construction in Process	(2,400,729)
Proceeds from Sale of Investments	234,515
Purchases of Investments	(237,344)
Net Cash Used by Investing Activities	<u>(2,653,361)</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

108,653

Cash and Cash Equivalents - Beginning of Year

2,055,882

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 2,164,535

**SUPPLEMENTAL DISCLOSURES**

Contributed Goods and Services	<u>\$ 36,201,679</u>
Transfers of Construction in Process to Property and Equipment	<u>\$ 2,258,850</u>
Donated Securities	<u>\$ 15,002</u>

*See accompanying Notes to Financial Statements.*

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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 American 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, 2012.

**Liquidity**

Assets are presented in the accompanying statements 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.



**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**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 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 remeasure 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.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**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.

**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 180,000 volunteer hours for the year ended June 30, 2012.

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, 2012, donated goods were recorded totaling \$36,201,679.

**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 Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**Income Taxes (Continued)**

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, 2012.

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 2009 to 2011 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.

**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 May 20, 2013, the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments consist of the following at June 30, 2012:

	Cost	Market Value
Fixed Income	\$ 203,844	\$ 221,207
Real Estate Investment Trusts	17,477	18,986
Securitized Reserves	16,093	17,483
Equities	15,002	14,182
Total	<u>\$ 252,416</u>	<u>\$ 271,858</u>

Investment return during the year ended June 30, 2012 totaled \$9,554.

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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 present 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, 2012:

	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 221,207	\$ -	\$ -	\$ 221,207
Real Estate Investment Trusts	18,986	-	-	18,986
Treasury Bonds	17,483	-	-	17,483
Equities	14,182	-	-	14,182
Total	<u>\$ 271,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,858</u>

**NOTE 3 PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, at June 30, 2012, consisted of the following:

Land	\$ 813,322
Buildings and Improvements	6,254,696
Furniture and Equipment	110,166
Automobiles	634,627
	<u>7,812,811</u>
Less: Accumulated Depreciation	<u>(1,000,213)</u>
	<u>\$ 6,812,598</u>

Depreciation expense during the year ended June 30, 2012 totaled \$261,430.

**NOTE 4 CONSTRUCTION IN PROCESS**

Construction in process consists of the following at June 30, 2012:

Administration Office at Warehouse	\$ 70,550
MOH House	155,250
Bercy Cafeteria	62,919
Bercy Dorms	163,755
Hospital	204,559
Leveque Church	1,524
Leveque Homes	151,900
School Laboratory	37,530
Village Homes	11,241
Warehouse	866,075
	<u>\$ 1,725,303</u>

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 5 DEFERRED REVENUE**

During the year ended June 30, 2012, the Organization collected \$416,375 and \$336,375 from individuals to be utilized for group trips occurring subsequent to June 30, 2012, and \$80,000 related to the sale of property in which the sale did not occur until subsequent to June 30, 2012.

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at June 30, 2012:

Agriculture Program	\$ 2,008
Construction:	
Agriculture	500
Beach House	17,442
Bercy Cafeteria	57,009
Bercy Campus Development	285,762
Bercy Dorms/Pastor Conference Center	250,000
Bercy Orphanage Construction	60,700
Good Samaritan Orphanage Construction	8,976
Hospital Construction	132,806
Latrines Construction	20,643
Leveque Church Construction	143,280
Simonette School Construction	6,653
Warehouse Administration Building	15,000
Warehouse Construction	552,071
Williamson Orphanage Construction	3,666
Construction Subtotal:	<u>1,554,508</u>
Convoy Latrines	6,695
Group Kitchen Remodel	3,243
Haiti One Program	181,638
Prosthetic Lab	12,776
Purchase Bibles	7,593
SOH Computer Lab	19,158
Surgical Equipment	3,331
Vehicle Purchase	3,700
Village Homes	121,407
Well Project Leveque	5,257
Wind Power Project	73,690
	<u>\$ 1,995,004</u>

**MISSION OF HOPE HAITI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 7 LEASE COMMITMENT**

The Organization has a lease agreement with JV5, LLC. The office facility lease was for a period of one year and it is up for renewal in August, 2013. Total rent expense was \$17,491 during the year ended June 30, 2012.

**NOTE 8 CONTRIBUTED GOODS AND PROPERTY**

During the year ended June 30, 2012, the Organization received contributed goods through partnership with Convoy of Hope, Inc. and other organizations valued at \$35,940,156 which represents fair market value of the goods at the time of donation. The goods were utilized in its nutrition program. Donated property received during the year ended June 30, 2012 totaled \$261,523.

**NOTE 9 CONCENTRATIONS**

During the year ended June 30, 2012, the Organization received approximately 86% of its revenues from contributed goods from one donor.