

HAITI OUTREACH MINISTRIES

Statements of Cash Receipts and Disbursements

Years ended December 31, 2017 and 2016

(See Accompanying Review Report
of Batchelor, Tillery & Roberts, LLP)

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Independent Accountants' Review Report

The Board of Directors
Haiti Outreach Ministries:

We have reviewed the accompanying statements of cash receipts and disbursements of Haiti Outreach Ministries (a nonprofit organization) (the "Ministry") for the years ended December 31, 2017 and 2016, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Ministry's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the statements of cash receipts and disbursements as a whole. Accordingly, we do not express such an opinion.

Managements' Responsibility for the Statements of Cash Receipts and Disbursements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Batchelor, Tillery & Roberts, LLP

January 11, 2019

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	<u>2017</u>	<u>2016</u>
Cash receipts:		
Building and equipment	\$ 764,566	155,986
Sponsorships	685,919	620,774
General fund	558,400	589,082
Medical	157,876	236,301
Ministry support	61,515	79,323
Development	39,250	65,142
Vocational school	34,024	25,773
Feeding	27,412	17,800
Miscellaneous	21,986	41,820
	<u>2,350,948</u>	<u>1,832,001</u>
 Cash disbursements:		
General operations and administrative	585,245	744,967
Building and equipment	582,264	184,540
Schools	578,092	497,749
Medical clinic	123,156	103,619
Scholarships	112,486	145,543
Ministry	65,335	72,759
Feeding	27,412	15,000
Product	961	1,806
	<u>2,074,951</u>	<u>1,765,983</u>
 Increase in cash	275,997	66,018
 Cash, partially restricted, beginning of year	<u>814,178</u>	<u>748,160</u>
 Cash, partially restricted, end of year	<u>\$ 1,090,175</u>	<u>814,178</u>

See accompanying notes to statements of cash receipts and disbursements.

HAITI OUTREACH MINISTRIES

Notes to Statements of Cash Receipts and Disbursements

December 31, 2017 and 2016

(See Accompanying Review Report
of Batchelor, Tillery & Roberts, LLP)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Haiti Outreach Ministries (the “Ministry”), a nonprofit organization, is a faith-based group established in 1989 to advance and promote the Christian faith through the conduct of programs which provide assistance, including but not limited to food, clothing, medical assistance, and educational programs to impoverished and disadvantaged persons in Haiti. These programs are conducted through a separate Haitian entity, Mission Communautaire de l’Eglise Chretienne des Cites.

The Ministry’s primary sources of revenue and support are contributions and sponsorships.

The Ministry relies on labor largely being provided by volunteers, and during 2017, the Ministry employed two individuals.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized in the financial statements. The cash basis differs from accounting principles generally accepted in the United States of America primarily because the effects of outstanding receivables and payables at the date of the financial statements are not included in the financial statements.

(c) Cash

Included in cash are checking and interest-bearing savings accounts.

(d) Contributions

The Ministry records contributions as revenue in the period received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

(e) Income Taxes

The Ministry is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes, and accordingly, no income taxes have been provided for the Ministry in the accompanying financial statements.

HAITI OUTREACH MINISTRIES

Notes to Statements of Cash Receipts and Disbursements, Continued

December 31, 2017 and 2016

(See Accompanying Review Report
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(1) Organization and Summary of Significant Accounting Policies, Continued

(f) Selected Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which is effective for the financial statements for the year ending December 31, 2018. This ASU aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification to two classes of net assets rather than the currently required three classes, requires presentation of expenses both by nature and function, requires investment return be reported net of investment expenses, requires the placed-in-service approach for gifts of/for long-lived assets, and provides enhanced disclosures for: governing body restrictions; composition of net assets with donor restrictions; qualitative and quantitative information on liquidity; methods to allocate costs among program and support functions; and underwater donor-restricted endowments.

The FASB has also issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-For-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 will be effective for the Ministry beginning December 31, 2019.

Management is in the process of assessing the impact of these new accounting standards.

HAITI OUTREACH MINISTRIES

Notes to Statements of Cash Receipts and Disbursements, Continued

December 31, 2017 and 2016

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(2) Cash

Cash consists of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Unrestricted - general fund	\$ 173,354	170,326
Temporarily restricted:		
Sponsorship	444,837	393,802
Building and equipment	239,023	43,418
Medical fund	224,361	202,550
Library and computer	5,993	4,082
Emergency relief	2,607	-
	<u>916,821</u>	<u>643,852</u>
	\$ <u>1,090,175</u>	<u>814,178</u>

In the normal course of business, the Ministry may maintain cash in financial institutions in excess of the insured limit of \$250,000. Management of the Ministry believes no significant risk of loss exists with respect to these balances. As of December 31, 2017 and 2016, cash in excess of insured limits totaled \$840,175 and \$564,178, respectively.

(3) Subsequent Events

The date to which events occurring after December 31, 2017, the date of the most recent statements of cash receipts and disbursements, have been evaluated for possible adjustment to the financial statements or disclosure is January 11, 2019, the date the statements of cash receipts and disbursements were available to be issued.