

HAITI OUTREACH MINISTRIES

Statements of Cash Receipts and Disbursements

Years ended December 31, 2018 and 2017

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

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 18068
RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR
ANN H. TILLERY
FRANKLIN T. ROBERTS
WM. JAMES BLACK, JR.
SCOTT E. CABANISS
MICHELLE W. LEMANSKI
JARED L. PILAND
DAVID C. CORN, JR.

3605 GLENWOOD AVENUE, SUITE 350
RALEIGH, NORTH CAROLINA 27612
TELEPHONE (919) 787-8212
FACSIMILE (919) 783-6724

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, 2018 and 2017, 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, Jillery & Roberts, LLP

February 4, 2020

HAITI OUTREACH MINISTRIES

Statements of Cash Receipts and Disbursements

Years ended December 31, 2018 and 2017

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

	<u>2018</u>	<u>2017</u>
Cash receipts:		
Sponsorships	\$ 798,459	685,919
Building and equipment	570,360	764,566
Team trips	350,999	269,516
General fund	187,538	288,884
Medical	151,265	157,876
Ministry support	79,029	61,515
Dental	75,000	-
Feeding	26,289	27,412
Vocational school	1,223	34,024
Development	-	39,250
Miscellaneous	-	21,986
	<u>2,240,162</u>	<u>2,350,948</u>
Cash disbursements:		
Schools	738,557	578,092
Building and equipment	642,812	582,264
Team trips	345,189	248,093
General operations and administrative	187,665	337,152
Medical clinic	146,623	123,156
Scholarships	131,884	112,486
Ministry	104,405	65,335
Feeding	28,680	27,412
Product	-	961
	<u>2,325,815</u>	<u>2,074,951</u>
(Decrease) increase in cash	(85,653)	275,997
Cash, partially restricted, beginning of year	<u>1,090,175</u>	<u>814,178</u>
Cash, partially restricted, end of year	\$ <u>1,004,522</u>	<u>1,090,175</u>

See accompanying notes to statements of cash receipts and disbursements.

HAITI OUTREACH MINISTRIES

Notes to Statements of Cash Receipts and Disbursements

December 31, 2018 and 2017

(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.

(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 without donor restrictions or with donor restrictions, 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, 2018 and 2017

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

(1) Organization and Summary of Significant Accounting Policies, Continued

(f) Functional Allocation of Expenses

Management estimates the costs of providing the various programs and other activities on a functional basis in the statements of cash receipts and disbursements and schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenditures not directly attributable to specific programs or supporting services are allocated to programs or supporting services by management based on what is considered to be the best available objective criteria, such as hours worked or relative benefit.

(g) Adoption of New Accounting Pronouncement

For 2018, the Ministry began to include in its financial statements informative disclosures similar to those required by Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the description of the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions. In addition, information regarding liquidity and availability of resources and functional expenses are presented in the notes to the financial statements.

(h) Selected Recent Accounting Pronouncements

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 this new accounting standard.

HAITI OUTREACH MINISTRIES

Notes to Statements of Cash Receipts and Disbursements, Continued

December 31, 2018 and 2017

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

(2) Liquidity and Availability of Resources

The Ministry regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Ministry considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the financial statement date, comprise the following:

Financial assets, at year end:	
Cash	\$ <u>102,503</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Ministry operates with a balanced budget and anticipates collecting sufficient revenue, primarily through contributions, to cover general expenditures.

(3) Cash

Cash consists of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Without donor restrictions - general fund \$	<u>102,503</u>	<u>173,354</u>
With donor restrictions:		
Sponsorship	419,993	444,837
Building and equipment	166,571	239,023
Medical fund	232,297	224,361
Dental clinic	75,000	-
Library and computer	5,551	5,993
Emergency relief	<u>2,607</u>	<u>2,607</u>
	<u>902,019</u>	<u>916,821</u>
\$	<u>1,004,522</u>	<u>1,090,175</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, 2018 and 2017, cash in excess of insured limits totaled \$754,524 and \$840,175, respectively.

HAITI OUTREACH MINISTRIES

Notes to Statements of Cash Receipts and Disbursements, Continued

December 31, 2018 and 2017

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

(4) Functional Expenses

Functional expenses presenting the natural classification detail of expenses for 2018, with comparative totals for 2017, are as follows:

	2018				2017
	Program	Management and general	Fundraising	Total	
Grants and assistance	\$ 2,221,071	-	-	2,221,071	1,880,799
Salaries and wages	15,181	20,330	5,051	40,562	63,611
Travel	4,995	13,913	2,560	21,468	27,915
Conferences	-	7,405	-	7,405	4,947
Payroll taxes	1,151	3,922	386	5,459	23,796
Office expenses	5,278	-	-	5,278	55,860
Information technology	4,596	477	-	5,073	4,723
Professional fees	-	3,625	-	3,625	3,625
Advertising	-	-	3,382	3,382	9,202
Insurance	-	984	-	984	473
Other	-	4,938	6,570	11,508	-
	\$ <u>2,252,272</u>	<u>55,594</u>	<u>17,949</u>	<u>2,325,815</u>	<u>2,074,951</u>

(5) Subsequent Events

The date to which events occurring after December 31, 2018, 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 February 4, 2020, the date the statements of cash receipts and disbursements were available to be issued.