

HAITI OUTREACH MINISTRIES

Financial Statements – Cash Basis

Year ended December 31, 2020

(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 financial statements of Haiti Outreach Ministries (a nonprofit organization) (the "Ministry") for the year ended December 31, 2020, which comprise the statement of assets, liabilities, and net assets – cash basis as of December 31, 2020, and the related statement of revenue and support, expenses, and other changes in net assets – cash basis, functional expenses – cash basis, and cash flows – cash basis for the year ended, 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 review, 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

August 2, 2021

HAITI OUTREACH MINISTRIES

Statement of Assets, Liabilities, and
Net Assets – Cash Basis

December 31, 2020

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

Assets

Cash and cash equivalents	\$ 840,587
Investments	<u>205,441</u>
	\$ <u>1,046,028</u>

Net Assets

Net assets:	
Without donor restrictions	203,655
With donor restrictions	<u>842,373</u>
Total net assets	\$ <u>1,046,028</u>

See accompanying notes to financial statements.

HAITI OUTREACH MINISTRIES

Statement of Revenue and Support, Expenses, and Other Changes in Net Assets – Cash Basis

Year ended December 31, 2020

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue and support:			
Sponsorship	\$ -	794,530	794,530
Building and equipment	-	676,259	676,259
General operations	340,863	-	340,863
Medical clinic	-	78,513	78,513
Emergency relief	-	72,471	72,471
Ministry support	60,771	-	60,771
Food	29,741	-	29,741
Paycheck Protection Program	28,293	-	28,293
Vocational school	26,350	-	26,350
Dental clinic	-	11,000	11,000
Other income	26,919	-	26,919
	<u>512,937</u>	<u>1,632,773</u>	<u>2,145,710</u>
Net assets released from restrictions	<u>1,659,464</u>	<u>(1,659,464)</u>	<u>-</u>
Total revenue and support	<u>2,172,401</u>	<u>(26,691)</u>	<u>2,145,710</u>
Expenses:			
Program	1,954,520	-	1,954,520
Management and general	122,687	-	122,687
Fundraising	19,218	-	19,218
Total expenses	<u>2,096,425</u>	<u>-</u>	<u>2,096,425</u>
Change in net assets	75,976	(26,691)	49,285
Net assets, beginning of year	<u>127,679</u>	<u>869,064</u>	<u>996,743</u>
Net assets, end of year	\$ <u>203,655</u>	<u>842,373</u>	<u>1,046,028</u>

See accompanying notes to financial statements.

HAITI OUTREACH MINISTRIES

Statement of Functional Expenses – Cash Basis

Year ended December 31, 2020

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

	Program	Management and general	Fundraising	Total
Grants and assistance	\$ 1,933,186	-	-	1,933,186
Salaries and wages	9,683	89,851	14,409	113,943
Employee benefits	-	19,983	-	19,983
Payroll taxes	641	6,874	2,020	9,535
Office expenses	5,824	-	716	6,540
Information technology	5,186	415	100	5,701
Professional fees	-	3,625	-	3,625
Travel	-	159	1,973	2,132
Insurance	-	984	-	984
Conferences	-	796	-	796
	<u>\$ 1,954,520</u>	<u>122,687</u>	<u>19,218</u>	<u>2,096,425</u>

See accompanying notes to financial statements.

HAITI OUTREACH MINISTRIES

Statement of Cash Flows – Cash Basis

Year ended December 31, 2020

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

Cash flows from operating activities: -	
Change in net assets	\$ <u>49,285</u>
Cash flows from investing activities -	
Sale of certificates of deposits, net of purchases	<u>1,073</u>
Net increase in cash, cash equivalents, and restricted cash	50,358
Cash, cash equivalents and restricted cash, beginning of year	<u>790,229</u>
Cash, cash equivalents and restricted cash, end of year	\$ <u><u>840,587</u></u>

See accompanying notes to financial statements.

HAITI OUTREACH MINISTRIES

Notes to Financial Statements

December 31, 2020

(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, 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 assets recognized are cash and investments, 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 accounts.

(c) Investments

Investments in certificates of deposit are carried at fair market value. The Ministry records gains and losses when securities are sold and income is received, in accordance with the cash basis of accounting.

(d) Contributions

The Ministry records contributions as revenue in the period received. Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When the restriction has been met, net assets with donor restrictions are released.

HAITI OUTREACH MINISTRIES

Notes to Financial Statements, Continued

December 31, 2020

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

(e) Fair Value Measurements

For determining fair value measurements, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Management follows an established framework for measuring fair value. That framework provides a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are described below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: one or more significant inputs or significant value drivers that are unobservable or based on market assumptions

The fair values of investments are based on quoted market prices, when available. Such investments consist of certificates of deposit and are classified as Level 1 in the fair value hierarchy.

(f) 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.

(g) 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.

(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.

HAITI OUTREACH MINISTRIES

Notes to Financial Statements, Continued

December 31, 2020

(See Accompanying Review Report
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(2) Liquidity and Availability of Resources, Continued

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	\$ 840,587
Investments	<u>205,441</u>
	1,046,028
Less amounts restricted by donors:	<u>(842,373)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>203,655</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) Net Assets

Net assets consists of the following as of December 31, 2020:

Without donor restrictions - general fund	\$ <u>203,655</u>
With donor restrictions:	
Sponsorship	384,378
Building and equipment	295,402
Medical	95,736
Emergency relief	59,331
Library and computer	<u>7,526</u>
	<u>842,373</u>
	\$ <u>1,046,028</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, 2020, cash in excess of insured limits totaled \$590,587.

HAITI OUTREACH MINISTRIES

Notes to Financial Statements, Continued

December 31, 2020

(See Accompanying Review Report
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(4) Paycheck Protection Program Loan

In April 2020, the Ministry received funding from the Small Business Administration under the Paycheck Protection Program (“PPP”), which authorizes forgivable loans to small businesses to pay their employees during the COVID-19 crisis (see note 5). This funding, in the amount of \$28,293, was considered a conditional grant to the Ministry and recognized as income in 2020. The funding was forgiven on March 30, 2021 after the loan proceeds were used for payroll and certain other allowed costs over a 24-week period and certain other conditions were met.

(5) Impact of COVID-19

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. The extent of COVID-19’s effect on the Ministry’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Ministry’s operations, financial condition and cash flows.

(6) Subsequent Events

The date to which events occurring after December 31, 2020, the date of the most recent statement of assets, liabilities, and net assets –cash basis, have been evaluated for possible adjustment to the financial statements or disclosure is August 2, 2021, the date the financial statements were available to be issued.