

St. Boniface Haiti Foundation, Inc.

Financial Statements

Years Ended June 30, 2014 and 2013

ST. BONIFACE HAITI FOUNDATION, INC.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Boniface Haiti Foundation, Inc.
Newton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of St. Boniface Haiti Foundation, Inc. (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Kirkland Albrecht & Fredrickson, LLC

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Boniface Haiti Foundation, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

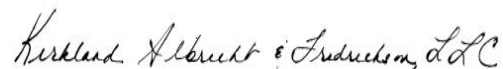
Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration St. Boniface Haiti Foundation, Inc.'s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Boniface Haiti Foundation, Inc.'s internal control over financial reporting and compliance.



Kirkland Albrecht & Fredrickson, LLC
Braintree, Massachusetts

December 9, 2014

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Financial Position

June 30, 2014 and 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
Cash	\$ 597,928	\$ 657,328
Accounts receivable	42,914	90,679
Contributions receivable	26,710	50,000
Inventory	807,210	824,678
Prepaid expenses and other assets	27,828	45,642
Deposits	-	1,875
Total current assets	1,502,590	1,670,202
PROPERTY AND EQUIPMENT, NET	2,448,166	1,888,928
INVESTMENTS, AT FAIR VALUE	2,080,763	1,830,268
Total assets	\$ 6,031,519	\$ 5,389,398
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 273,994	\$ 271,391
Deferred revenue	569,674	600,463
Total current liabilities	843,668	871,854
NET ASSETS:		
Unrestricted	4,717,796	4,059,705
Temporarily restricted	370,055	357,839
Permanently restricted	100,000	100,000
Total net assets	5,187,851	4,517,544
Total liabilities and net assets	\$ 6,031,519	\$ 5,389,398

See notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Activities and Change in Net Assets
Years Ended June 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT:								
Contributions	\$ 1,372,656	\$ 630,048	\$ -	\$ 2,002,704	\$ 1,337,588	\$ 599,283	\$ 100,000	\$ 2,036,871
In-kind contributions	2,847,827	-	-	2,847,827	2,853,900	-	-	2,853,900
Foundation grants	858,049	-	-	858,049	971,293	-	-	971,293
Contracts and government grants	1,348,848	-	-	1,348,848	1,190,503	-	-	1,190,503
Hospital revenue	144,029	-	-	144,029	172,259	-	-	172,259
Endowment appropriation	1,635	-	-	1,635	-	-	-	-
Net assets released from capital restrictions	5,544	(5,544)	-	-	28,475	(28,475)	-	-
Net assets released from program restrictions	612,288	(612,288)	-	-	499,814	(499,814)	-	-
Total revenue, gains and other support	<u>7,190,876</u>	<u>12,216</u>	<u>-</u>	<u>7,203,092</u>	<u>7,053,832</u>	<u>70,994</u>	<u>100,000</u>	<u>7,224,826</u>
EXPENSES:								
Program services:								
Hospital	3,940,883	-	-	3,940,883	3,847,675	-	-	3,847,675
AIDS prevention and treatment	461,412	-	-	461,412	495,230	-	-	495,230
Spinal cord injury programs	589,477	-	-	589,477	556,687	-	-	556,687
Maternal and child health	426,484	-	-	426,484	616,345	-	-	616,345
Education programs	157,087	-	-	157,087	181,771	-	-	181,771
Other programs	483,969	-	-	483,969	842,511	-	-	842,511
Total program services	<u>6,059,312</u>	<u>-</u>	<u>-</u>	<u>6,059,312</u>	<u>6,540,219</u>	<u>-</u>	<u>-</u>	<u>6,540,219</u>
Supporting services:								
General and administrative	501,228	-	-	501,228	433,267	-	-	433,267
Fundraising	238,304	-	-	238,304	337,603	-	-	337,603
Total supporting services	<u>739,532</u>	<u>-</u>	<u>-</u>	<u>739,532</u>	<u>770,870</u>	<u>-</u>	<u>-</u>	<u>770,870</u>
Total expenses	<u>6,798,844</u>	<u>-</u>	<u>-</u>	<u>6,798,844</u>	<u>7,311,089</u>	<u>-</u>	<u>-</u>	<u>7,311,089</u>
Change in net assets from operating activities	<u>392,032</u>	<u>12,216</u>	<u>-</u>	<u>404,248</u>	<u>(257,257)</u>	<u>70,994</u>	<u>100,000</u>	<u>(86,263)</u>
NON-OPERATING ACTIVITIES:								
Investment fees	(11,147)	-	-	(11,147)	(9,868)	-	-	(9,868)
Investment income	88,420	1,053	-	89,473	86,696	-	-	86,696
Gain on exchange rate	52,187	-	-	52,187	61,743	-	-	61,743
Realized and unrealized gains on investments	136,599	582	-	137,181	26,960	-	-	26,960
Endowment appropriation	-	(1,635)	-	(1,635)	-	-	-	-
Change in net assets from non-operating activities	<u>266,059</u>	<u>-</u>	<u>-</u>	<u>266,059</u>	<u>165,531</u>	<u>-</u>	<u>-</u>	<u>165,531</u>
CHANGE IN NET ASSETS	<u>658,091</u>	<u>12,216</u>	<u>-</u>	<u>670,307</u>	<u>(91,726)</u>	<u>70,994</u>	<u>100,000</u>	<u>79,268</u>
Net assets, beginning of year	<u>4,059,705</u>	<u>357,839</u>	<u>100,000</u>	<u>4,517,544</u>	<u>4,151,431</u>	<u>286,845</u>	<u>-</u>	<u>4,438,276</u>
Net assets, end of year	<u>\$ 4,717,796</u>	<u>\$ 370,055</u>	<u>\$ 100,000</u>	<u>\$ 5,187,851</u>	<u>\$ 4,059,705</u>	<u>\$ 357,839</u>	<u>\$ 100,000</u>	<u>\$ 4,517,544</u>

See notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Functional Expenses
Years Ended June 30, 2014 and 2013

	2014										
	Program Services						Supporting Services				
	Hospital	AIDS Prevention and Treatment	Spinal Cord Injury Programs	Maternal & Child Health	Education Programs	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 601,327	\$ 246,281	\$ 250,617	\$ 177,025	\$ 24,595	\$ 40,639	\$ 1,340,484	\$ 317,579	\$ 71,082	\$ 388,661	\$ 1,729,145
Fringe benefits	92,324	33,454	44,920	27,765	2,354	4,311	205,128	53,592	8,520	62,112	267,240
Supplies	3,018,514	48,956	97,207	95,287	3,479	63,227	3,326,670	20,252	69,786	90,038	3,416,708
Consultants	73,312	-	-	-	-	278,700	352,012	-	31,132	31,132	383,144
Other program expenses	17,951	88,641	64,338	61,128	113,569	25,958	371,585	-	-	-	371,585
Depreciation	113,422	39,510	78,380	51,845	1,883	10,566	295,606	5,461	-	5,461	301,067
Other expenses	2,296	-	10,248	7,166	11,207	9,700	40,617	14,620	52,340	66,960	107,577
Travel	21,737	4,570	43,767	6,268	-	46,488	122,830	1,122	5,444	6,566	129,396
Audit and legal fees	-	-	-	-	-	4,380	4,380	42,415	-	42,415	46,795
Rent	-	-	-	-	-	-	-	46,187	-	46,187	46,187
	<u>\$ 3,940,883</u>	<u>\$ 461,412</u>	<u>\$ 589,477</u>	<u>\$ 426,484</u>	<u>\$ 157,087</u>	<u>\$ 483,969</u>	<u>\$ 6,059,312</u>	<u>\$ 501,228</u>	<u>\$ 238,304</u>	<u>\$ 739,532</u>	<u>\$ 6,798,844</u>
	2013										
	Program Services						Supporting Services				
	Hospital	AIDS Prevention and Treatment	Spinal Cord Injury Programs	Maternal & Child Health	Education Programs	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 433,217	\$ 222,080	\$ 239,429	\$ 284,782	\$ 33,570	\$ 187,940	\$ 1,401,018	\$ 259,895	\$ 173,900	\$ 433,795	\$ 1,834,813
Fringe benefits	68,870	31,034	33,462	38,803	3,580	24,286	200,035	46,748	19,912	66,660	266,695
Supplies	3,124,370	61,297	112,588	167,850	713	95,458	3,562,276	17,717	68,349	86,066	3,648,342
Consultants	40,176	1,267	18,024	10,017	6,389	353,568	429,441	-	4,500	4,500	433,941
Other program expenses	29,470	89,743	25,826	46,744	120,516	98,329	410,628	-	-	-	410,628
Depreciation	113,729	79,261	57,469	6,142	1,883	1,996	260,480	7,056	-	7,056	267,536
Other expenses	17,122	373	30,990	58,073	14,415	1,205	122,178	10,468	63,750	74,218	196,396
Travel	20,721	4,925	38,899	3,934	705	76,147	145,331	7,684	7,192	14,876	160,207
Audit and legal fees	-	5,250	-	-	-	3,582	8,832	35,699	-	35,699	44,531
Rent	-	-	-	-	-	-	-	48,000	-	48,000	48,000
	<u>\$ 3,847,675</u>	<u>\$ 495,230</u>	<u>\$ 556,687</u>	<u>\$ 616,345</u>	<u>\$ 181,771</u>	<u>\$ 842,511</u>	<u>\$ 6,540,219</u>	<u>\$ 433,267</u>	<u>\$ 337,603</u>	<u>\$ 770,870</u>	<u>\$ 7,311,089</u>

See notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 670,307	\$ 79,268
Adjustments to reconcile change in net assets to net cash provided in operating activities:		
Depreciation	301,067	267,536
In-kind donated property and equipment	(45,420)	(262,896)
In-kind donated construction in progress	(85,840)	-
In-kind donated investments	(36,969)	(27,004)
Realized and unrealized gains on investments	(137,181)	(26,960)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	47,765	(60,179)
Contribution receivable	23,290	(47,600)
Inventory	17,468	474,374
Prepaid expenses and other assets	17,814	(11,648)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,603	6,115
Deferred revenue	(30,789)	(171,216)
Net cash provided in operating activities	<u>745,990</u>	<u>219,790</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(821,527)	(1,364,947)
Proceeds from sale of investments	745,182	1,190,904
Purchase of property and equipment	(399,683)	(436,492)
Decrease (Increase) in construction in progress	(329,362)	64,262
Net cash used in investing activities	<u>(805,390)</u>	<u>(546,273)</u>
NET DECREASE IN CASH	(59,400)	(326,483)
CASH AT BEGINNING OF YEAR	<u>657,328</u>	<u>983,811</u>
CASH AT END OF YEAR	<u>\$ 597,928</u>	<u>\$ 657,328</u>

See notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

1. ORGANIZATION

St. Boniface Haiti Foundation, Inc. (the “Organization”) is a nonprofit organization dedicated to consistently and significantly aiding the poor people of Fond des Blancs, a rural region of the Republic of Haiti. The Organization operates the St. Boniface Hospital located in Fond des Blancs and an outlying clinic and villa. The Organization conducts outreach and education programs, provides humanitarian aid, and sponsors work retreats, all of which contribute to the area’s economic, social and environmental development. The Organization is supported by donations and is governed by a Board of Trustees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Classification and Reporting of Net Assets – The Organization follows the Financial Accounting Standards Board Accounting Standards Codification “FASB ASC” Subtopic *Presentation of Financial Statements* for not-for-profit entities. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- ***Unrestricted net assets*** – Net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for support of the Organization as well as funds invested in property, plant and equipment. The Organization may designate portions of its unrestricted net assets as board designated for various purposes.
- ***Temporarily restricted net assets*** – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or passage of time.
- ***Permanently restricted net assets*** – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Use of 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 effect 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.

Cash – The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Accounts Receivable – Accounts receivable are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the need for an allowance by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2014 and 2013, the Organization considers accounts receivable to be fully collectable; accordingly no allowance for doubtful accounts is required.

Inventory – Inventory consists of medicines, pharmacy supplies and nutrition program food which are stated at cost or fair value, if received by donation. Cost is determined on the first-in, first-out method.

Property and Equipment – Property and equipment purchased for use by the Organization is recorded at cost or fair value, if received by donation, at the time such properties are received. Expenditures in the nature of normal repairs and maintenance are expensed as incurred. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

<u>Description</u>	<u>Years</u>
Building	30
Furniture and equipment	3-5
Vehicles	3-5

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000.

Construction in Progress – Costs associated with construction of major projects are accumulated until completion of the project. The completed asset is then depreciated over its useful life after being placed in service.

Valuation of Long-Lived Assets – The Organization accounts for the valuation of long-lived assets in accordance with the FASB ASC Topic *Property, Plant and Equipment*. This Topic requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At June 30, 2014 and 2013, the Organization has determined that no long-lived assets are impaired.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Fair Value Measurement – The Organization follows the provisions of *Fair Value Measurements and Disclosures* Topic of the FASB ASC. This Topic clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The *Fair Value Measurements and Disclosures* Topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy are described below.

- Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2** – Observable inputs other than Level 1 inputs, which include quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3** – Unobservable inputs based on the Organization’s assessment of the assumptions that market participants would use in pricing the asset or liability.

The following is a description of the valuation methodologies used for asset investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2014 and 2013.

- **Investments** – All investments have been reported in the financial statements at fair value. The fair value of money market funds, bonds, common stock, exchange traded funds, closed end funds and mutual funds, are valued based upon quoted prices from an active market. These securities are categorized in Level 1 as they are actively traded and no valuation adjustments have been applied.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the certain financial instruments could result in a different fair value measurement at the reporting date.

Investments – Investments, which consist of money market funds, bonds, common stock, exchange traded funds, closed end funds and mutual funds, are measured at fair value in the accompanying statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as increases in unrestricted net assets or temporarily restricted net assets if restricted by the donor.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Endowment – The Organization’s endowment consists of donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization follows the provisions of Subtopic 205 of the FASB ASC that relates to “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds”. This FASB ASC Subtopic provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws). Effective June 30, 2009, the Commonwealth of Massachusetts adopted UPMIFA in its General Laws chapter 180A. Among UPMIFA’s most significant changes is the elimination of the concept of historic dollar value threshold, the amount below which an organization cannot spend from a fund, in favor of a more robust set of guidelines about what constitutes prudent spending. The FASB ASC Subtopic serves as a guideline for states to use in enacting legislation. This guidance also improves disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

Return Objectives and Risk Parameters – The Organization has adopted investment and spending policies for endowment assets that attempt to pursue a strategic investment plan that, over the long term, is expected to enhance the real purchasing power of the Organization’s assets while not impairing its ability to meet current obligations. Endowment assets represent Board-designated funds and donors restricted funds for financial statements purposes. Under this strategy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that compare favorably with the results achieved by investment managers of endowment funds with similar investment objectives while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Spending Policy and How the Investment Objectives Relate to Spending Policy –The Organization currently reinvests all earnings of the endowment assets. Any expenditures from the endowment assets must be supported by the Board of Trustees and be consistent with the intent of the donors and the Board designation for that fund. This is consistent with the Organization's objective to ensure that the future growth of the endowment assets is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment assets held for future operations as well as to provide additional real growth through new gifts and investment return. Board Designated Unrestricted Funds are designated by the Board of Trustees to support operations of the Organization. The income and the appreciation earned on the Permanently Restricted Funds is available for a medical scholarship program.

Revenue Recognition – Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as net assets released from restrictions.

The Organization records hospital revenue when services are rendered.

The Organization's AIDS and Spinal Cord Injury programs are supported by contracts and grants funded through federal agencies.

Contributions – Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions received with donor-imposed restrictions 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 and reported in the statement of activities as net assets released from restrictions.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset category. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported as revenues of the temporarily restricted net asset category; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Contributions...continued – Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The fair market value of medical services donated by physicians and medical centers is reflected in the financial statements. Donated investments are reported at fair value at the date of receipt, which is then treated as the Organization's cost basis.

A significant portion of the Organization's activities is conducted by unpaid officers, board members and volunteers. The value of administrative volunteer contributed time is not reflected in the accompanying financial statements since their time does not meet the criteria necessary for recognition.

Income Tax Status – The Organization is exempt from Federal and state income taxes under section 501(c) (3) of the Internal Revenue Code and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. This Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. This Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At June 30, 2014, management believes that the Organization has no material uncertain tax positions.

The Organization files informational tax returns in the U.S. Federal and Massachusetts state jurisdictions. Management believes the Organization is no longer subject to U.S. federal and state examinations by tax authorities for years before fiscal year 2011.

Functional Expenses – Functional expenses are allocated to the various programs based on direct expenses, which can be identified to the program, and indirect expenses, which are beneficial to more than one program. The indirect expenses are allocated based upon a cost allocation plan using appropriate methods such as time studies, square footage, mileage, etc.

Reclassification – Certain previously reported amounts in the 2013 financial statements have been reclassified in order to conform to the 2014 presentation.

Subsequent Events – The Organization has evaluated all events subsequent to the statement of financial position date of June 30, 2014, through the date which the financial statements were available to be issued, December 9, 2014, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

3. INVENTORY

Inventory at June 30, 2014 and 2013, consisted of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Nutrition program food	\$ -	\$ 2,054
Medicines and pharmacy supplies	<u>807,210</u>	<u>822,624</u>
Total	<u>\$ 807,210</u>	<u>\$ 824,678</u>

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Land	\$ 107,167	\$ 102,167
Buildings	1,307,961	1,099,148
Furniture and equipment	1,566,326	1,338,949
Vehicles	862,529	858,616
Construction in progress	<u>650,284</u>	<u>235,082</u>
	4,494,267	3,633,962
Less accumulated depreciation	<u>2,046,101</u>	<u>1,745,034</u>
Property and equipment, net	<u>\$ 2,448,166</u>	<u>\$ 1,888,928</u>

Construction in progress represents costs incurred in connection with the construction of a maternity center and a medical storage depot. The medical storage depot was completed on November 8, 2014. The total cost of the project as of June 30, 2014 was \$110,378 and the total cost at completion was \$111,000. Completion of the maternity center is expected by January 31, 2015. The total cost of the project as of June 30, 2014 was \$539,906 and the estimated total cost is \$1,015,000.

At June 30, 2013, construction in progress represented cost incurred in connection with the construction of a laboratory and a maternity center of \$138,108 and \$96,974, respectively. The laboratory was completed and placed in serviced during the year ended June 30, 2014. The total costs as part of building and improvements at June 30, 2014 was \$146,050.

Depreciation expense for the years ended June 30, 2014 and 2013 totaled \$301,067 and \$267,536, respectively.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
 Years Ended June 30, 2014 and 2013

5. FAIR VALUE MEASUREMENT

Assets Measured at Fair Value on a recurring basis as of June 30, 2014 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 18,946	\$ -	\$ -	\$ 18,946
Bonds:				
Corporate	497,424	-	-	497,424
Municipal	<u>256,494</u>	<u>-</u>	<u>-</u>	<u>256,494</u>
	<u>753,918</u>	<u>-</u>	<u>-</u>	<u>753,918</u>
Common stock:				
Financials	139,628	-	-	139,628
Industrials	48,455	-	-	48,455
Information technology	43,638	-	-	43,638
Consumer discretionary	40,024	-	-	40,024
Energy	36,338	-	-	36,338
Health care	33,520	-	-	33,520
Consumer staples	28,139	-	-	28,139
Other	16,733	-	-	16,733
Materials	14,695	-	-	14,695
Utilities	6,225	-	-	6,225
Telecommunication service	<u>5,625</u>	<u>-</u>	<u>-</u>	<u>5,625</u>
	<u>413,020</u>	<u>-</u>	<u>-</u>	<u>413,020</u>
Government securities	<u>118,443</u>	<u>-</u>	<u>-</u>	<u>118,443</u>
Exchange traded and closed end funds	<u>519,940</u>	<u>-</u>	<u>-</u>	<u>519,940</u>
Mutual funds:				
Intermediate-term bond	117,940	-	-	117,940
Real estate	56,319	-	-	56,319
Financial services	43,107	-	-	43,107
High yield bond	<u>39,130</u>	<u>-</u>	<u>-</u>	<u>39,130</u>
	<u>256,496</u>	<u>-</u>	<u>-</u>	<u>256,496</u>
	<u>\$ 2,080,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,080,763</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
 Years Ended June 30, 2014 and 2013

5. FAIR VALUE MEASUREMENT...continued

Assets Measured at Fair Value on a recurring basis as of June 30, 2013 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 49,034	\$ -	\$ -	\$ 49,034
Bonds:				
Corporate	615,504	-	-	615,504
Municipal	239,030	-	-	239,030
Government	<u>98,796</u>	<u>-</u>	<u>-</u>	<u>98,796</u>
	<u>953,330</u>	<u>-</u>	<u>-</u>	<u>953,330</u>
Common stock:				
Financials	152,000	-	-	152,000
Industrials	43,065	-	-	43,065
Health care	34,553	-	-	34,553
Consumer discretionary	34,476	-	-	34,476
Information technology	30,828	-	-	30,828
Energy	26,587	-	-	26,587
Consumer staples	25,610	-	-	25,610
Materials	11,343	-	-	11,343
Telecommunication service	8,601	-	-	8,601
Utilities	3,689	-	-	3,689
International	<u>2,976</u>	<u>-</u>	<u>-</u>	<u>2,976</u>
	<u>373,728</u>	<u>-</u>	<u>-</u>	<u>373,728</u>
Exchange traded and closed end funds	<u>256,023</u>	<u>-</u>	<u>-</u>	<u>256,023</u>
Mutual funds:				
Intermediate-term bond	93,337	-	-	93,337
Financial services	48,468	-	-	48,468
High yield bond	30,777	-	-	30,777
Real estate	<u>25,571</u>	<u>-</u>	<u>-</u>	<u>25,571</u>
	<u>198,153</u>	<u>-</u>	<u>-</u>	<u>198,153</u>
	<u>\$ 1,830,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,830,268</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

6. INVESTMENTS

Investments at June 30, 2014 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain
Money market	\$ 18,946	\$ 18,946	\$ -
Bonds	753,918	737,651	16,267
Common stock	413,020	332,983	80,037
Government securities	118,443	117,487	956
Exchange traded and closed end funds	519,940	481,905	38,035
Mutual funds	256,496	244,079	12,417
	<u>\$ 2,080,763</u>	<u>\$ 1,933,051</u>	<u>\$ 147,712</u>

Investments at June 30, 2013 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain (Loss)
Money market	\$ 49,034	\$ 49,034	\$ -
Bonds	953,330	970,645	(17,315)
Common stock	373,728	339,645	34,083
Exchange traded and closed end funds	256,023	245,649	10,374
Mutual funds	198,153	199,877	(1,724)
	<u>\$ 1,830,268</u>	<u>\$ 1,804,850</u>	<u>\$ 25,418</u>

The composition of the investment return as reported in statement of activities for the years ended June 30, 2014 and 2013 is as follows:

	2014	2013
Investment income	\$ 89,473	\$ 86,696
Investment fees	(11,147)	(9,868)
Net realized and unrealized gain on investments	<u>137,181</u>	<u>26,960</u>
	<u>\$ 215,507</u>	<u>\$ 103,788</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
 Years Ended June 30, 2014 and 2013

7. ENDOWMENTEndowment Net Asset Composition by Type of Fund as of June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 100,000	\$ 100,000
Board-designated endowment funds	<u>1,980,763</u>	<u>-</u>	<u>-</u>	<u>1,980,763</u>
Total funds	<u>\$ 1,980,763</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 2,080,763</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 1,730,268</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 1,830,268</u>
Investment return:				
Investment income	86,439	1,053	-	87,492
Net appreciation (realized and unrealized)	136,599	582	-	137,181
Investment fees	<u>(11,147)</u>	<u>-</u>	<u>-</u>	<u>(11,147)</u>
Total investment return	<u>211,891</u>	<u>1,635</u>	<u>-</u>	<u>213,526</u>
Other changes:				
Endowment appropriation	1,635	(1,635)	-	-
Donated investments	<u>36,969</u>	<u>-</u>	<u>-</u>	<u>36,969</u>
Total other changes	<u>38,604</u>	<u>(1,635)</u>	<u>-</u>	<u>38,604</u>
Endowment net assets, end of year	<u>\$ 1,980,763</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 2,080,763</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

7. ENDOWMENT...continuedEndowment Net Asset Composition by Type of Fund as of June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 100,000	\$ 100,000
Board-designated endowment funds	<u>1,730,268</u>	<u>-</u>	<u>-</u>	<u>1,730,268</u>
Total funds	<u>\$ 1,730,268</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 1,830,268</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 1,602,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,602,261</u>
Investment return:				
Investment income	83,911	-	-	83,911
Net appreciation (realized and unrealized)	26,960	-	-	26,960
Investment fees	<u>(9,868)</u>	<u>-</u>	<u>-</u>	<u>(9,868)</u>
Total investment return	<u>101,003</u>	<u>-</u>	<u>-</u>	<u>101,003</u>
Other changes:				
Contributions	-	-	100,000	100,000
Donated investments	<u>27,004</u>	<u>-</u>	<u>-</u>	<u>27,004</u>
Total other changes	<u>27,004</u>	<u>-</u>	<u>100,000</u>	<u>127,004</u>
Endowment net assets, end of year	<u>\$ 1,730,268</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 1,830,268</u>

The permanently restricted endowment was under water by an amount of \$6,214 due to a decrease in the fair value of the investment.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

8. DEMAND NOTE PAYABLE, BANK

The Organization has a \$500,000 line of credit with a bank. Advances bear interest at various rates based on draw down amount. The rate in effect at June 30, 2014 was 0%. The agreement is secured by the long and short-term investment accounts of the Organization. At June 30, 2014 there was no outstanding balance on the line of credit. There is no expiration date on the line of credit.

9. IN-KIND CONTRIBUTIONS

The Organization received \$2,847,827 and \$2,853,900, respectively of in-kind contributions for the years ended June 30, 2014 and 2013, respectively. Following is a breakdown of the sources of income and the categories of expenses and assets for in-kind contributions:

	<u>2014</u>	<u>2013</u>
Income received:		
Services provided by medical personnel	\$ 352,012	\$ 363,904
Medicines/food/other supplies	2,327,586	2,200,096
Property and equipment	45,420	262,896
Construction in progress	85,840	-
Investments	<u>36,969</u>	<u>27,004</u>
Total in-kind contributions received	<u>\$ 2,847,827</u>	<u>\$ 2,853,900</u>
Expenses reported:		
Supplies	\$ 2,327,586	\$ 2,200,096
Consultants	<u>352,012</u>	<u>363,904</u>
Total in-kind expenses reported	2,679,598	2,564,000
Assets reported:		
Property and equipment	45,420	262,896
Construction in progress	85,840	-
Investments	<u>36,969</u>	<u>27,004</u>
Total in-kind expenses and assets reported	<u>\$ 2,847,827</u>	<u>\$ 2,853,900</u>

10. COMMITMENT

In November 2010, The Organization entered into a lease agreement for its office space in Randolph, Massachusetts. The original term was expiring in October 2013, although the Organization was able to negotiate with the landlord and terminated its lease in July 2013 with no penalty payment. The base rental was \$4,000 per month.

In May 2013, the Organization entered into a lease agreement for its new office space in Newton, Massachusetts. The lease agreement started August 1, 2013 and expires July 31, 2018. The base rental is \$3,835 per month and the monthly electricity charge is \$281.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

10. COMMITMENT...continued

Total minimum future lease payments under the operating lease are as follows:

<u>Years</u>	<u>Amounts</u>
2015	\$ 46,023
2016	46,023
2017	46,023
2018	46,023
2019	3,835
	<u>\$ 187,927</u>

Lease expense for the years ended June 30, 2014 and 2013 was \$46,187 and \$48,000, respectively.

11. RELATED PARTY TRANSACTIONS

The board chair of the Organization is also a volunteer board member of Build Health International, a nonprofit organization, which provided construction services in connection with the construction of the Organization's maternity center. The construction services and supply reimbursement totaled \$25,769 for the year ended June 30, 2014. There were no related party transactions for the year ended June 30, 2013.

12. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Building construction and repairs projects	\$ 277,180	\$ 169,725
Education programs	27,448	38,123
Time restriction	26,710	50,000
Clinical operations	16,994	51,609
Other programs	13,689	23,120
Community development projects	8,034	18,958
Catastrophic Illness Fund	-	4,454
Nutrition programs	-	1,850
	<u>\$ 370,055</u>	<u>\$ 357,839</u>
Total temporarily restricted net assets	<u>\$ 370,055</u>	<u>\$ 357,839</u>

13. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of an endowment totaling \$100,000 as of June 30, 2014 and 2013. The income and the appreciation earned on the permanent endowment is available for a medical scholarship program.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
 Years Ended June 30, 2014 and 2013

14. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses or costs satisfying the restricted purposes or by occurrence of events specified by the donors consisted of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Clinical operations	\$ 426,469	\$ 232,954
Other programs	67,848	72,213
Education programs	58,198	104,075
Community development projects	41,064	43,851
Staff and board capacity building	16,200	-
Nutrition programs	1,850	44,589
Catastrophic illness fund	<u>659</u>	<u>2,132</u>
Net assets released from program restrictions	612,288	499,814
Net assets released from capital restrictions	<u>5,544</u>	<u>28,475</u>
	<u>\$ 617,832</u>	<u>\$ 528,289</u>

15. RETIREMENT PLAN

The Organization has a qualified defined contribution retirement plan (the Plan) for all eligible employees. The Plan is designed in accordance with the provisions of Section 403(b) of the Internal Revenue Code. Contributions are made by the Plan participants based on participant elections. Under the plan, employees may contribute up to the IRS indexed maximum amount for each calendar year. In addition, the Organization may make matching contributions to the plan at the discretion of the Board of Directors. During the years ended June 30, 2014 and 2013, the Organization did not make any contribution to the Plan.