ST. BONIFACE HAITI FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017
AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND
REPORTS ON COMPLIANCE AND INTERNAL CONTROL
YEAR ENDED JUNE 30, 2018

ST. BONIFACE HAITI FOUNDATION, INC.
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the 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, 2018 and 2017, and the related statements of activities and changes 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.

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, 2018 and 2017, 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

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 November 13, 2018, on our consideration of St. Boniface Haiti Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of St. Boniface Haiti Foundation, Inc.'s 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.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 13, 2018

ST. BONIFACE HAITI FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
Current assets:		
Cash	$ 1,069,420	$ 476,048
Certificates of deposit	504,271	1,752,530
Accounts receivable, net	307,971	440,870
Contributions receivable	1,077,457	323,505
Inventory	876,212	1,894,188
Prepaid expenses and other assets	157,981	136,944
Total current assets	3,993,312	5,024,085
Property and equipment, net	7,263,969	6,878,642
Investments, at fair value	2,711,899	2,586,878
TOTAL ASSETS	$ 13,969,180	$ 14,489,605

LIABILITIES AND NET ASSETS

	2018	2017
Current liabilities:		
Accounts payable and accrued expenses	$ 1,005,855	$ 491,272
Deferred revenue	993,385	1,075,544
Total current liabilities	1,999,240	1,566,816
Net assets:		
Unrestricted	10,819,812	11,941,356
Temporarily restricted	1,050,128	881,433
Permanently restricted	100,000	100,000
Total net assets	11,969,940	12,922,789
TOTAL LIABILITIES AND NET ASSETS	$ 13,969,180	$ 14,489,605

See accompanying notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:								
Contributions	$ 2,639,150	$ 1,849,682	$ -	$ 4,488,832	$ 2,366,820	$ 2,539,827	$ -	$ 4,906,647
In-kind contributions	1,305,466	-	-	1,305,466	12,884,549	-	-	12,884,549
Foundation grants	2,613,971	-	-	2,613,971	3,674,538	-	-	3,674,538
Contracts and government grants	1,357,088	-	-	1,357,088	1,884,275	-	-	1,884,275
Hospital revenue	129,785	-	-	129,785	218,831	-	-	218,831
Endowment appropriation	4,204	-	-	4,204	8,912	-	-	8,912
Net assets released from capital restrictions	242,162	(242,162)	-	-	142,825	(142,825)	-	-
Net assets released from program restrictions	1,438,825	(1,438,825)	-	-	2,198,119	(2,198,119)	-	-
Total revenues, gains and other support	9,730,651	168,695	-	9,899,346	23,378,869	198,883	-	23,577,752
Expenses:								
Program services:								
Hospital	4,534,240	-	-	4,534,240	16,337,234	-	-	16,337,234
Maternal & Child Health	1,009,506	-	-	1,009,506	1,360,804	-	-	1,360,804
Spinal Cord Injury Programs	534,625	-	-	534,625	484,505	-	-	484,505
Infectious Disease, AIDS Prevention and Treatment	471,788	-	-	471,788	381,779	-	-	381,779
Surgical Program	979,839	-	-	979,839	920,218	-	-	920,218
Education/Community Development Programs	258,804	-	-	258,804	114,126	-	-	114,126
Other Programs	29,232	-	-	29,232	194,573	-	-	194,573
Villa Clinic	182,637	-	-	182,637	126,639	-	-	126,639
Community Health	1,655,871	-	-	1,655,871	803,565	-	-	803,565
Total program services	9,656,542	-	-	9,656,542	20,723,443	-	-	20,723,443
Supporting services:								
General and administrative	764,013	-	-	764,013	1,061,583	-	-	1,061,583
Fundraising	522,789	-	-	522,789	610,959	-	-	610,959
Total supporting services	1,286,802	-	-	1,286,802	1,672,542	-	-	1,672,542
Total expenses	10,943,344	-	-	10,943,344	22,395,985	-	-	22,395,985
Changes in net assets from operating activities	(1,212,693)	168,695	-	(1,043,998)	982,884	198,883	-	1,181,767
Non-operating activities:								
Investment fees	(15,598)	-	-	(15,598)	(13,544)	-	-	(13,544)
Investment income	95,200	5,452	-	100,652	83,491	5,352	-	88,843
Foreign currency exchange (loss) gain	(21,871)	-	-	(21,871)	128,059	-	-	128,059
Loss on retired property and equipment	-	-	-	-	(60,000)	-	-	(60,000)
Realized and unrealized gains (losses) on investments	33,418	(1,248)	-	32,170	100,747	3,560	-	104,307
Endowment appropriation	-	(4,204)	-	(4,204)	-	(8,912)	-	(8,912)
Changes in net assets from non-operating activities	91,149	-	-	91,149	238,753	-	-	238,753
Changes in net assets	(1,121,544)	168,695	-	(952,849)	1,221,637	198,883	-	1,420,520
Net assets - beginning	11,941,356	881,433	100,000	12,922,789	10,719,719	682,550	100,000	11,502,269
NET ASSETS - ENDING	$ 10,819,812	$ 1,050,128	$ 100,000	$ 11,969,940	$ 11,941,356	$ 881,433	$ 100,000	$ 12,922,789

See accompanying notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

2018

	Program Services										Supporting Services			
	Hospital	Infectious Disease, AIDS Prevention and Treatment	Spinal Cord Injury Programs	Maternal & Child Health	Educ/Comm Dev Programs	Community Health	Surgical Program	Villa Clinic	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 1,250,773	$ 180,904	$ 287,945	$ 549,761	$ 83,619	$ 318,825	$ 467,106	$ 108,155	$ -	3,247,088	$ 377,400	$ 241,819	$ 619,219	$ 3,866,307
Fringe benefits	159,766	18,270	28,743	50,159	7,567	35,207	47,037	8,153	-	354,902	143,035	71,406	214,441	569,343
Supplies	2,454,937	157,181	132,570	326,077	70,419	1,191,752	219,142	22,342	27,847	4,602,267	54,546	101,217	155,763	4,758,030
Consultants	216,468	5,666	4,572	19,803	2,720	27,228	21,278	2,643	-	300,378	6,968	44,000	50,968	351,346
Other program expenses	92,375	79,882	48,303	9,745	26,628	65,059	2,156	225	-	324,373	4,499	-	4,499	328,872
Depreciation	279,112	9,662	13,768	43,124	1,883	-	210,562	36,398	-	594,509	2,682	-	2,682	597,191
Other expenses	2,488	8,833	833	176	65,361	1,957	118	26	-	79,792	11,944	51,256	63,200	142,992
Travel	53,904	11,390	17,891	10,661	607	15,843	12,440	4,695	290	127,721	48,639	13,091	61,730	189,451
Audit and legal fees	24,417	-	-	-	-	-	-	-	1,095	25,512	68,277	-	68,277	93,789
Rent	-	-	-	-	-	-	-	-	-	-	46,023	-	46,023	46,023
	$ 4,534,240	$ 471,788	$ 534,625	$ 1,009,506	$ 258,804	$ 1,655,871	$ 979,839	$ 182,637	$ 29,232	$ 9,656,542	$ 764,013	$ 522,789	$ 1,286,802	$ 10,943,344

2017

	Program Services										Supporting Services			
	Hospitals	Infectious Disease, AIDS Prevention and Treatment	Spinal Cord Injury Programs	Maternal & Child Health	Educ/Comm Dev Programs	Community Health	Surgical Program	Villa Clinic	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 841,388	$ 189,558	$ 236,054	$ 522,577	$ 4,055	$ 40,699	$ 152,640	$ 46,410	$ 114,731	2,148,112	$ 454,083	$ 274,222	$ 728,305	$ 2,876,417
Fringe benefits	292,084	19,076	40,555	97,213	490	15,993	31,071	6,643	18,369	521,494	102,403	53,347	155,750	677,244
Supplies	14,299,517	91,013	110,345	604,098	20,225	724,994	617,440	24,062	56,564	16,548,258	58,684	48,599	107,283	16,655,541
Consultants	490,750	3,588	14,116	13,980	-	5,626	4,121	886	-	533,067	108,099	45,826	153,925	686,992
Other program expenses	121,581	56,346	49,587	57,502	87,473	12,119	-	407	200	385,215	40,801	-	40,801	426,016
Depreciation	197,671	10,522	16,231	47,708	1,883	-	106,946	43,737	-	424,698	16,488	-	16,488	441,186
Other expenses	11,280	2,560	219	6,000	-	-	-	-	-	20,059	117,796	157,383	275,179	295,238
Travel	82,963	4,736	17,398	11,726	-	4,134	8,000	4,494	4,709	138,160	32,636	31,582	64,218	202,378
Audit and legal fees	-	4,380	-	-	-	-	-	-	-	4,380	84,570	-	84,570	88,950
Rent	-	-	-	-	-	-	-	-	-	-	46,023	-	46,023	46,023
	$16,337,234	$ 381,779	$ 484,505	$ 1,360,804	$ 114,126	$ 803,565	$ 920,218	$ 126,639	$ 194,573	$ 20,723,443	$ 1,061,583	$ 610,959	$ 1,672,542	$ 22,395,985

See accompanying notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Operating activities:		
Changes in net assets	$ (952,849)	$ 1,420,520
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	597,191	441,186
Loss on disposal of property and equipment	-	60,000
In-kind donated property and equipment	(241,041)	(375,525)
Donated stock	(17,143)	(246,414)
Realized and unrealized gains on investments	(32,170)	(104,307)
Changes in certain other assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	132,899	(221,381)
Contribution receivable	(753,952)	201,806
Inventory	1,017,976	1,404,257
Prepaid expenses and other assets	(21,037)	(93,886)
Increase (decrease) in:		
Accounts payable and accrued expenses	514,583	137,045
Deferred revenue	(82,159)	(170,396)
Net cash provided by operating activities	162,298	2,452,905
Investing activities:		
Purchase of investments	(91,306)	(83,719)
Purchase of certificates of deposit	-	(2,000,000)
Proceeds from sales of certificates of deposit	1,255,113	249,000
Proceeds from sales of investments	8,744	11,964
Purchase of property and equipment	(741,477)	(1,911,348)
Net cash provided by (used in) investing activities	431,074	(3,734,103)
Net increase (decrease) in cash	593,372	(1,281,198)
Cash - beginning	476,048	1,757,246
CASH - ENDING	$ 1,069,420	$ 476,048

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION

St. Boniface Haiti Foundation, Inc. (the "Organization") is a Massachusetts incorporated nonprofit entity dedicated to providing high quality healthcare services to the people of southern Haiti through community-based preventive and clinical care. The Organization also works toward broader improvement and sustainability of quality healthcare in Haiti through programs such as the training of local health practitioners, disaster response, and partnering for impact with local and global health organizations. The Organization supports and operates St. Boniface Hospital located in Fond des Blancs, Haiti, a satellite clinic in Villa, Haiti and various community-based health programs in the region.

NOTE 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.

Financial Statement Presentation

The Organization follows the Financial Accounting Standards Board ("FASB") subtopic *Presentation of Financial Statements of 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 are 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. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federal insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents. Nevertheless, the Organization has taken steps to strengthen its risk management practices by diversifying its cash and cash equivalent holdings. In 2017 the Organization started a new relationship with Bank of America/Merrill Lynch to gain access to the institution's global treasury management tools enabling better risk control over global transactions including foreign currency purchases and electronic funds transfers. In addition, the Organization began investing available funds in a short-term laddered CD program with Merrill Lynch in order to achieve both FDIC insurance protection while increasing yields.

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, 2018, there was no allowance recorded. The Organization recorded an allowance for doubtful accounts of $53,319 at June 30, 2017.

Inventory

Inventory consists of medicine and pharmacy supplies. Inventory is stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out ("FIFO") method.

Property and Equipment

Property and equipment are recorded at cost or fair value, if received by donation. The Organization capitalizes expenditures for property and equipment in excess of $1,000. Expenditures for major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets which are as follows:

Description	Years
Buildings	30
Furniture and equipment	3-5
Vehicles	3-5

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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's long-lived assets are reviewed for impairment in accordance with the guidance of the FASB ASC Topic *Property, Plant, and Equipment*, 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, 2018 and 2017, management has determined that long-lived assets are not impaired.

Fair Value Measurement

The Organization follows the provisions of *Fair Value Measurements* 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 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 assets 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, 2018 and 2017.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

- Investments – All investments have been reported in the financial statements at fair value. The fair value of money market funds, common stock, exchange traded and closed end funds and mutual funds are valued based upon quoted prices from an active market.

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.

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.

Interpretation of relevant law - The Organization manages its endowment consistent with the Massachusetts Act, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment (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 emergency needs and general operations of the Organization. The income and the appreciation earned on the permanently restricted funds is available for a medical scholarship program.

Deferred Revenue

Deferred revenue represents government and foundation grants payments that were received in advance of the related performance of services.

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-imposed 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 programs are supported by contracts and grants funded through federal agencies as well as foundations.

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 the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued)

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.

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.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on reporting dates, and revenues and expenses are translated at rates that approximate the average rate for the period in which the transactions occurred. Net transaction and translation gains and losses are included in the accompanying statements of activities and changes in net assets in the non-operating revenue and expense section as foreign currency exchange gain or loss.

Operations

The statements of activities and changes in net assets report the change in unrestricted net assets from operating and non-operating activities. Operating activities consist of those revenues and expenses related to programs of the Organization, including contributions to support these programs. Non-operating activities consist of investment activities, loss on retirement of assets and gain (loss) on exchange rate, that do not directly relate to the Organization's general programs.

Income Taxes

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and state income taxes.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

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. The Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At June 30, 2018 and 2017, management believes that the Organization has no material uncertain tax positions.

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.

Recently Issued but not Effective Accounting Pronouncements

Financial statement presentation - In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), which reduces the number of net asset classes from three to two and increases disclosures about liquidity risks, among other changes. This ASU is effective for years beginning after December 15, 2017. The Organization is evaluating the effect that ASU 2014-14 will have on its financial statements and related disclosures.

Revenue - In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), which requires an entity to recognize revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance in US GAAP, including industry specific guidance, when it becomes effective. This new guidance is effective for years beginning after December 15, 2018. The Organization is evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures.

Leases - In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”). This update requires all leases with a term greater than 12 months to be recognized on the statement of position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after December 15, 2019, with early adoption permitted. The Organization is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization has evaluated all events subsequent to the statement of financial position date of June 30, 2018, through the date which the financial statements were available to be issued, November 13, 2018, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

NOTE 3. PROPERTY AND EQUIPMENT

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

	2018	2017
Land	$ 195,187	$ 195,187
Buildings	6,401,380	4,268,275
Furniture and equipment	3,081,761	3,122,090
Vehicles	1,300,749	1,231,787
Construction in progress	137,518	1,316,737
	11,116,595	10,134,076
Less accumulated depreciation	3,852,626	3,255,434
Property and equipment, net	$ 7,263,969	$ 6,878,642

Construction in progress at June 30, 2018 represents costs incurred in connection with the renovation of the emergency department in the hospital. The renovations are expected to be completed during 2019 at an estimated total cost of $225,000.

At June 30, 2017, construction in progress represents costs incurred in connection with the construction of the Center for Infectiousness Disease & Emergency Care ("CIDEC") totaling $267,831, the organization's solar energy project totaling $444,456 and construction of a new warehouse totaling $604,450.

The Center for Infectiousness Disease & Emergency Care was completed in May, 2018 at a total cost of $900,482, the warehouse was completed in September, 2017 at a total cost of $736,482 and the solar energy project was completed in December, 2017 at a total cost of $496,139.

Depreciation expense for the years ended June 30, 2018 and 2017 totaled $597,191 and $441,186, respectively.

NOTE 4. FAIR VALUE MEASUREMENT

The following fair value hierarchy table presents information about the Organization's investments measured at fair value on a recurring basis as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 332,513	$ -	$ -	$ 332,513
Bonds:				
Corporate	-	410,999	-	410,999
Municipal	-	158,771	-	158,771
Total bonds	-	569,770	-	569,770
Exchange-traded and closed-end funds	757,343	-	-	757,343
Mutual funds:				
Intermediate-term bond	209,729	-	-	209,729
Non-traditional bond	126,820	-	-	126,820
World allocation	106,536	-	-	106,536
Real estate	53,318	-	-	53,318
Large growth	34,436	-	-	34,436
Managed futures	30,621	-	-	30,621
Total mutual funds	561,460	-	-	561,460
Common stock	419,685	-	-	419,685
Preferred stock	-	71,128	-	71,128
	$ 2,071,001	$ 640,898	$ -	$ 2,711,899

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following fair value hierarchy table presents information about the Organization's investments measured at fair value on a recurring basis as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 180,973	$ -	$ -	$ 180,973
Bonds:				
Corporate	-	426,000	-	426,000
Municipal	-	217,993	-	217,993
Total bonds	-	643,993	-	643,993
Exchange-traded and closed-end funds	732,205	-	-	732,205
Mutual funds:				
Intermediate-term bond	209,307	-	-	209,307
Non-traditional bond	124,633	-	-	124,633
World allocation	106,010	-	-	106,010
Real estate	52,027	-	-	52,027
Managed futures	29,592	-	-	29,592
Large growth	25,863	-	-	25,863
Total mutual funds	547,432	-	-	547,432
Common stock	379,692	-	-	379,692
Preferred stock	-	102,583	-	102,583
	$ 1,840,302	$ 746,576	$ -	$ 2,586,878

NOTE 5. INVESTMENTS

Investments at June 30, 2018 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain
Money market	$ 332,513	$ 332,513	$ -
Bonds	569,770	556,108	13,662
Exchange-traded and closed-end funds	757,343	668,377	88,966
Mutual funds	561,460	556,324	5,136
Common stock	419,685	303,384	116,301
Preferred stock	71,128	70,499	629
	$ 2,711,899	$ 2,487,205	$ 224,694

NOTE 5. INVESTMENTS (CONTINUED)

Investments at June 30, 2017 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain
Money market	$ 180,973	$ 180,973	$ -
Bonds	643,993	611,359	32,634
Exchange traded and closed end funds	732,205	670,915	61,290
Mutual funds	547,432	536,037	11,395
Common stock	379,692	293,695	85,997
Preferred stock	102,583	101,763	820
	$ 2,586,878	$ 2,394,742	$ 192,136

NOTE 6. ENDOWMENT

Endowment Net Asset Composition by Type of Fund as of June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 100,000	$ 100,000
Board designated endowment funds	2,611,899	-	-	2,611,899
Total funds	$ 2,611,899	$ -	$ 100,000	$ 2,711,899

Changes in Endowment Net Assets for the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 2,486,878	$ -	$ 100,000	$ 2,586,878
Investment return:				
Investment income	85,854	5,452	-	91,306
Net appreciation (depreciation) (realized and unrealized)	33,418	(1,248)	-	32,170
Investment fees	(15,598)	-	-	(15,598)
Total investment return	103,674	4,204	-	107,878
Other changes:				
Endowment appropriation	4,204	(4,204)	-	-
Donated investments	17,143	-	-	17,143
Total other changes	21,347	(4,204)	-	17,143
Endowment net assets, end of year	$ 2,611,899	$ -	$ 100,000	$ 2,711,899

NOTE 6. ENDOWMENT (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 100,000	$ 100,000
Board designated endowment funds	2,486,878	-	-	2,486,878
Total funds	$ 2,486,878	$ -	$ 100,000	$ 2,586,878

Changes in Endowment Net Assets for the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 2,065,929	$ -	$ 100,000	$ 2,165,929
Investment return:				
Investment income	78,367	5,352	-	83,719
Net appreciation (realized and unrealized)	100,747	3,560	-	104,307
Investment fees	(13,544)	-	-	(13,544)
Total investment return	165,570	8,912	-	174,482
Other changes:				
Endowment appropriation	8,912	(8,912)	-	-
Donated investments	246,467	-	-	246,467
Total other changes	255,379	(8,912)	-	246,467
Endowment net assets, end of year	$ 2,486,878	$ -	$ 100,000	$ 2,586,878

NOTE 7. DEMAND NOTE PAYABLE, BANK

The Organization has a line of credit with a bank, maximum borrowings available are based on the value of pledged collateral less outstanding loan balances and accrued interest and fees. The agreement is secured by the certain investment accounts of the Organization. Advances bear interest at various rates based on draw down amount. The rate in effect at June 30, 2018 and 2017 was 5.60% and 4.74%, respectively. At June 30, 2018 and 2017, there was no outstanding balance on the line of credit. There is no expiration date on the line of credit.

NOTE 8. IN-KIND CONTRIBUTIONS

The Organization received $1,305,466 and $12,884,549 of in-kind contributions for the years ended June 30, 2018 and 2017, respectively. The following is a breakdown of the sources of income and the categories of expenses and assets for in-kind contributions:

	2018	2017
Income received:		
Medicine/food/supplies	$ 895,362	$12,235,795
Property and equipment	241,041	375,525
Professional services	151,920	26,815
Investments	17,143	246,414
Total in-kind contributions received	$ 1,305,466	$12,884,549
Expenses reported:		
Medicine/food/supplies	$ 895,362	$12,235,795
Professional services	151,920	26,815
Total in-kind expenses reported	1,047,282	12,262,610
Assets reported:		
Property and equipment	241,041	375,525
Investments	17,143	246,414
Total in-kind assets reported	258,184	621,939
Total in-kind expenses and assets reported	$ 1,305,466	$12,884,549

NOTE 9. LEASE COMMITMENT

The Organization's five year lease agreement for office space in Newton, Massachusetts expired on July 31, 2018. Subsequent to year end, the Organization moved its office to a different location, also in Newton, Massachusetts. Management signed a five-year lease agreement which commences on September 1, 2018 and expires on September 1, 2022.

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

Years	Amount
2019	$ 75,985
2020	89,350
2021	92,684
2022	96,015
2023	99,345
Thereafter	16,650
	$ 470,029

Lease expense for the years ended June 30, 2018 and 2017 was $46,023 per year.

NOTE 10. RELATED PARTY TRANSACTIONS

Two board members of the Organization are employed by Build Health International, a nonprofit organization which provided construction services in connection with the construction of the Organization's Center for Infectiousness Disease & Emergency Care ("CIDEC") unit, warehouse, and surgical center. Build Health International also supplies goods and services related to general repair and maintenance of buildings and properties owned and operated by the Organization. Construction and maintenance goods and services totaled $990,838 and $1,482,619 for the years ended June 30, 2018 and 2017, respectively.

NOTE 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Time restricted	$ 968,860	$ 479,214
Education programs	54,399	53,671
Building construction and repairs projects	15,089	89
Other programs	8,276	11,028
Community development projects	3,504	268,743
Clinical operations	-	68,688
Total temporarily restricted net assets	$ 1,050,128	$ 881,433

NOTE 12. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of an endowment totaling $100,000 as of June 30, 2018 and 2017. The income and the appreciation earned on the permanent endowment is available for a medical scholarship program.

NOTE 13. 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, 2018 and 2017:

	2018	2017
Clinical operations	$ 575,172	$ 1,918,408
Time restrictions	477,020	96,097
Community development projects	306,342	34,857
Education programs	77,541	73,187
Other programs	2,750	75,570
Net assets released from program restrictions	1,438,825	2,198,119
Endowment appropriation	4,204	8,912
Net assets released from capital restrictions	242,162	142,825
	$ 1,685,191	$ 2,349,856

NOTE 14. 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 year ended June 30, 2018, the Organization made $14,126 in contributions to the Plan. The Organization did not make any contribution to the Plan at June 30, 2017.

SUPPLEMENTARY INFORMATION

ST. BONIFACE HAITI FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-through programs from:			
Christian Medical Mission Board-USCC:			
Global Aids	93.067	1NU2GGH001970-01-00	$ 284,737
United States Agency for International Development:			
Pass-through programs from:			
Jhpiego Corporation:			
USAID Foreign Assistance for Programs Overseas	98.001	AID-0AA-A-14-00028	114,854
Direct programs:			
USAID Foreign Assistance for Programs Overseas	98.001	N/A	745,044
Foreign Assistance to American Schools and Hospitals Abroad	98.006	N/A	212,453
Subtotal Agency for International Development direct programs			957,497
Total United States Agency for International Development			1,072,351
Total Expenditures of Federal Awards			$ 1,357,088

ST. BONIFACE HAITI FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal assistance activity of St. Boniface Haiti Foundation, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2018. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The Organization elected to use the 10% deminimis cost rate for its Federal programs.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited St. Boniface Haiti Foundation, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on St. Boniface Haiti Foundation, Inc.'s major federal program for the year ended June 30, 2018. St. Boniface Haiti Foundation, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for St. Boniface Haiti Foundation, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Boniface Haiti Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of St. Boniface Haiti Foundation, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, St. Boniface Haiti Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of St. Boniface Haiti Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered St. Boniface Haiti Foundation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Boniface Haiti Foundation, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 13, 2018

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of St. Boniface Haiti Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Boniface Haiti Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Boniface Haiti Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Boniface Haiti Foundation, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Boniface Haiti Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 13, 2018

ST. BONIFACE HAITI FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDIT RESULTS

Financial Statements

1	Type of auditor's report issued:	Unmodified
2	Internal control over financial reporting:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3	Noncompliance material to financial statements noted?	No

Federal Awards

4	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5	Type of auditor's report issued on compliance for major programs	Unmodified
6	Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance?	No
7	Identification of major programs:	
	Name of Federal Program or Cluster	CFDA Number(s)
	USAID Foreign Assistance for Programs Overseas	98.001
8	Dollar threshold used to distinguish between Type A programs and Type B programs:	$ 750,000
9	Auditee qualifies as a low risk auditee?	No

B. FINANCIAL STATEMENT FINDINGS

None

C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

None

ST. BONIFACE HAITI FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

A. FINANCIAL STATEMENT FINDINGS

Finding 2017-001: Account Reconciliation Process

Condition: The Organization did not perform general ledger account reconciliation procedures for fiscal year end 2017 on a timely basis. During the audit, management provided several versions of the Organization's trial balance. The version of the trial balance that was used for the audit included over thirty journal entries made by management from the original trial balance provided. Thirteen additional entries were made to the trial balance after the audit commenced in January 2018, some of which were the result of management reconciling general ledger accounts for the year ended June 30, 2017.

Inventory

Inventory prices and internal records for June 30, 2017 were not updated until the audit started, resulting in management reducing the total inventory balance by $1.5M. Year-end inventory counts were not appropriately reflected in the Organization's records until December 2017.

Accounts Receivable and Deferred Revenue

Accounts receivable, including loans to employees, were not reconciled until the audit commenced in January 2018. The Organization also has a significant amount of deferred revenue throughout the year and at year end. Deferred revenue was not tracked or reconciled until the audit commenced.

Criteria or Specific Requirement: Account reconciliations for significant accounts should be prepared and reviewed on a routine basis, generally monthly or quarterly, in conjunction with month end closing procedures. The preparation and review of reconciliations in a timely manner allows accurate and timely information to be used by both management and the board of directors to make decisions for the Organization.

Cause: Management indicated timely reconciliations were not able to be prepared due to significant events in Haiti during the past year.

Effect: The effect of not maintaining timely reconciliations resulted in material journal entries made by both management and auditors to correct significant account balances.

Recommendation: It was recommended that the Organization reconcile significant accounts and perform a monthly review and close in a timely manner. Performing a proper monthly close will allow management to have accurate and timely financial information during the decision making process of the Organization. Performing routine reviews and closings will also allow management to detect and correct errors in a timely manner.

Status:

Management has implemented controls and processes over the monthly closing process. Finding 2017-001 has been addressed by management and corrected.

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2017-002: Ineffective Financial Review Process

Condition: Management did not perform adequate review of reconciliations performed during the 2017 year-end close. During the audit, significant errors were identified resulting in material journal entries to the Organization's financial records. Errors resulting from a lack of review included recording duplicate journal entries and recording journal entries in incorrect currencies.

Journal Entries Recorded Using Incorrect Currency

During the audit, three significant entries were discovered that were recorded using the incorrect currency. In each entry, the number of Haitian Goudes were recorded as US Dollars, which significantly overstated the entries recorded. In two instances, purchases were capitalized as fixed assets using the number of Haitian Goudes rather than US dollars, which were subsequently expensed during the audit. The other instance noted related to an expense recorded at year end.

Duplicate Entries

During the audit process, it was noted that several expenses occurring near year-end were recorded as both accrued expenses and accounts payable, resulting in recording each expense twice.

Criteria or Specific Requirement:

Management should review account reconciliations performed as part of the month-end/year-end closing process in order to identify errors and correct them in a timely manner.

Cause: Management did not perform an effective review of reconciliations during the year-end close.

Effect: Duplicate entries made by the Organization's staff resulted in overstating expenses by approximately $44,000 due to recording expenses to both accounts payable and accrued expenses. Entries made by the Organization's staff resulting from recording Haitian Goudes as US Dollars caused an overstatement of fixed assets by approximately $104,00 in fixed asset cost and overstating expenses by approximately $109,000.

Recommendation: It is recommended that management review journal entries, reconciliations, and other work performed by the Organization's staff or others within the organization delegated to perform tasks by management on a monthly basis.

Status:

Management has implemented controls and processes over the review process. Finding 2017-002 has been addressed by management and corrected.

B. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

See Findings 2017-001 and 2017-002