

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

FINANCIAL STATEMENTS

September 30, 2017 and 2016

With Independent Auditors' Report

Blake Hurley McCallum & Conley, LLC · Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Konbit Sante Cap Haitien Health Partnership.

We have audited the accompanying financial statements of Konbit Sante Cap Haitien Health Partnership (a nonprofit organization), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 from 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 Konbit Sante Cap Haitien Health Partnership (a nonprofit organization) as of September 30, 2017 and 2016, and the results of its 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.

Blake Hurley McCallum & Conley, LLC

Westbrook, Maine
February 12, 2018

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statements of Financial Position

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 527,680	\$ 317,411
Accounts receivable	26,500	72,995
Prepaid expenses	1,271	1,380
Vehicle	12,500	12,500
Accumulated depreciation	<u>(12,500)</u>	<u>(12,500)</u>
Total assets	\$ <u>555,451</u>	\$ <u>391,786</u>
Liabilities		
Accounts payable and accrued expenses	\$ <u>41,424</u>	\$ <u>14,233</u>
Total liabilities	<u>41,424</u>	<u>14,233</u>
Net assets		
Unrestricted	428,405	319,942
Temporarily restricted	<u>85,622</u>	<u>57,611</u>
Total net assets	<u>514,027</u>	<u>377,553</u>
Total net assets	\$ <u>555,451</u>	\$ <u>391,786</u>

The accompanying notes are an integral part of these financial statements.

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statements of Activities

Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Changes in net assets		
Revenues		
Donations	\$ 335,874	\$ 247,585
Donations in-kind	150,103	194,143
Commission fee revenue	3,957	1,183
Merchandise revenue	17,788	5,374
Program payments	3,002	3,112
Interest income	815	349
Bond recovery income	12,200	-
Gain on foreign currency transactions	13,924	34,364
Total revenues	<u>537,663</u>	<u>486,110</u>
 Net assets released from restrictions	 <u>333,480</u>	 <u>333,597</u>
 Total unrestricted support and reclassifications	 <u>871,143</u>	 <u>819,707</u>
 Expenditures		
Program direct expenditures:		
General travel and training	43,532	62,562
Supply Chain expenses	154,744	187,229
Infrastructure Programs	757	44,768
Community Based Programs	88,645	132,721
Facility Based Programs	173,328	96,662
Hurricane Relief	20,722	-
	<u>481,728</u>	<u>523,942</u>
 Indirect expenditures – U.S.:		
Salaries	143,857	146,306
Benefits	33,249	26,621
Rent & Utilities	12,600	12,600
Office expense	8,354	5,778
Professional fees	5,060	5,060
Bank Charges	3,501	2,988
Board/Committee expenses	5,933	5,718
Marketing/Fundraising/Development	36,251	16,787
	<u>248,805</u>	<u>221,858</u>

The accompanying notes are an integral part of these financial statements.

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statement of Activities (Concluded)

Year Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Indirect expenditures – Haiti:		
Salaries	\$ 18,730	\$ 34,884
Benefits	3,754	4,972
Office expense	6,926	7,816
Bank Charges	<u>2,737</u>	<u>2,472</u>
	<u>32,147</u>	<u>50,144</u>
Total expenditures	<u>762,680</u>	<u>795,944</u>
Increase in unrestricted net assets	<u>108,463</u>	<u>23,763</u>
Changes in temporarily restricted net assets		
Grants	253,363	211,474
Contributions	108,128	88,860
Net assets released from restrictions	<u>(333,480)</u>	<u>(333,597)</u>
Increase (decrease) in temporarily restricted net assets	<u>28,011</u>	<u>(33,263)</u>
Increase (decrease) in net assets	136,474	(9,500)
Net assets, beginning of year	<u>377,553</u>	<u>387,053</u>
Net assets, end of year	<u>\$ 514,027</u>	<u>\$ 377,553</u>

The accompanying notes are an integral part of these financial statements.

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statement of Cash Flows

Year Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 136,474	\$ (9,500)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	46,495	(43,669)
(Increase) decrease in prepaid expenses	109	812
Increase (decrease) in accounts payable and accrued expenses	<u>27,191</u>	<u>(4,496)</u>
Net cash provided (used) by operating activities	210,269	(56,853)
Net increase (decrease) in cash and cash equivalents	<u>210,269</u>	<u>(56,853)</u>
Cash and cash equivalents, beginning of year	<u>317,411</u>	<u>374,264</u>
Cash and cash equivalents, end of year	<u>\$ 527,680</u>	<u>\$ 317,411</u>

The accompanying notes are an integral part of these financial statements.

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Notes to Financial Statements

September 30, 2017 and 2016

Nature of Activities

Konbit Sante Cap Haitien Health Partnership (Konbit Sante) is a Maine nonprofit organization formed in 2000. The mission of Konbit Sante is to support the development of a sustainable health care system to meet the needs of the Cap-Haitien community with maximum local direction and support. Konbit Sante operates out of offices in Falmouth, Maine and Cap-Haitien, Haiti. It is supported primarily through contributions and grants received from individuals, foundations and national and international charitable organizations.

1. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Konbit Sante have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958, "Not-for-Profit Entities." Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

Accounts Receivable

Accounts receivable consists primarily of balances that certain organization or individuals have agreed to pay related to certain expenses of the Organization. The Organization uses the allowance method to determine uncollectible accounts, based on prior experience and management's analysis of particular accounts.

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Notes to Financial Statements

September 30, 2017 and 2016

1. Summary of Significant Accounting Policies (Concluded)

In-kind Donations

Konbit Sante receives a substantial amount of medical equipment and supplies as well as travel costs and other in-kind donations. Medical equipment and supplies values are management estimates based on input from qualified volunteers and web sources. Travel donations are based on estimated average cost for travel costs. Other in-kind donations are primarily for rent of the Organization's U.S. office and warehouse rent that is for space to store medical equipment and supplies until they are shipped to Haiti. The rents are at estimated fair values determined by the landlords.

Contributed Services

Konbit Sante receives a substantial amount of unpaid time from volunteers that perform a variety of tasks and services in support of the organization's programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for revenue recognition under applicable accounting standards.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Konbit Sante considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized..

Income Taxes

Konbit Sante is a Maine nonprofit corporation and is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and classified by the Internal Revenue Service as other than a private foundation. The Organization's tax returns subsequent to September 2013 are open and subject to examination by federal and state taxing authorities.

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Notes to Financial Statements

September 30, 2017 and 2016

2. Net Assets

Unrestricted net assets represent net assets of the Organization that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. There are no permanently restricted net assets.

Temporarily restricted net assets at are available for:	<u>2017</u>	<u>2016</u>
ULS RF	\$ 973	\$ -
SG Foundation	22,451	1,953
Water system	-	2,390
Safe Birthing	-	1,387
Dr St Fleur – US Trip	-	1,139
Westwind – women’s health	-	16,074
Infrastructure –RF (Limpervil)	-	2,000
Amite – mobile clinics	-	861
Amite – pediatrics	3,048	7,922
Laalitha Surapaneni Project – supply chain	4,202	7,560
HCBH Handicapped Children Prog	10,920	16,325
CT – JUH Peds (essential meds/sup)	1,955	-
Neonatal Program RF (AL)	1,421	-
SONT Rf – Cap office	180	-
C2C RF	<u>40,472</u>	<u>-</u>
	<u>\$ 85,622</u>	<u>\$ 57,611</u>

4. Retirement Plan

Konbit Sante has a defined contribution 401(k) plan covering substantially all U. S. employees. Matching contributions paid by the Company were \$7,054 in the year ended September 30, 2017 and \$7,108 in the year ended September 30, 2016.

5. Reclassifications

Certain 2016 amounts were reclassified to conform to the 2017 financial statement presentation.

6. Subsequent Events

Subsequent events have been evaluated through February 12, 2018, which is the date the financial statements were available to be issued,