

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

FINANCIAL STATEMENTS

August 31, 2012 and 2011

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 statements of financial position of Konbit Sante Cap Haitien Health Partnership (a nonprofit organization) as of August 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 as of August 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Blake Hurley McCallum & Conley, LLC

Westbrook, Maine
December 8, 2012

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statements of Financial Position

August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents	\$ 330,309	\$ 508,532
Accounts receivable	169,322	177,202
Prepaid expenses	2,273	14,881
Vehicle, net of accumulated depreciation of 2,273	<u>9,375</u>	<u>-</u>
Total assets	\$ <u>511,279</u>	\$ <u>700,615</u>
Liabilities		
Accounts payable and accrued expenses	\$ <u>18,919</u>	\$ <u>33,411</u>
Total liabilities	<u>18,919</u>	<u>33,411</u>
Net assets		
Unrestricted	351,433	381,059
Temporarily restricted	<u>140,927</u>	<u>286,145</u>
Total net assets	<u>492,360</u>	<u>667,204</u>
Total net assets	\$ <u>511,279</u>	\$ <u>700,615</u>

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

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statements of Activities

Years Ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Changes in net assets		
Revenues		
Donations	\$ 225,957	\$ 305,880
Donations in-kind	181,777	225,436
Merchandise Revenue	14,319	8,150
Program payments	4,085	5,069
Event income	1,882	-
Interest income	1,515	2,111
Gain on foreign currency transactions	4,518	4,407
Total revenues	<u>434,053</u>	<u>551,053</u>
 Net assets released from restrictions	 <u>622,396</u>	 <u>797,695</u>
 Total unrestricted support and reclassifications	 <u>1,056,449</u>	 <u>1,348,748</u>
 Expenditures		
Program direct expenditures:		
General travel and training	56,448	76,127
Supply Chain expenses	199,878	224,275
Infrastructure expenses	26,843	19,865
Pediatrics	56,516	56,973
Fort St. Michel	157,542	46,206
Internal Medicine	9,999	10,480
Diabetes Project	12,313	11,104
Wound Care (ER)	3,958	5,973
Psycho-Social Support	27,000	18,065
Women's Health Program	34,259	16,039
Earthquake and Cholera	2,248	53,139
Waste Disposal	-	2,610
DAI Community Outreach	195	47,193
Spinal Cord Rehab	24,211	212,632
OIM Cholera	-	13,752
WHO Toilets/Showers/Laundry	-	42,082
UNDP Training and Well	7,786	45,781
Chemonic's Electrical Project	56,007	-
HHA Maternity Study	1,980	-
Emory University Project	805	-
Chemonic's FSM Rehab	35,700	-
	<u>713,688</u>	<u>902,296</u>

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

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statement of Activities (Concluded)

Year Ended August 31, 2012

	<u>2012</u>	<u>2011</u>
Indirect expenditures – U.S.:		
Salaries	\$ 155,972	\$ 139,668
Benefits	26,838	19,086
Rent & Utilities	12,600	12,600
Office expense	6,728	10,266
Professional fees	6,794	6,200
Bank Charges	1,738	1,937
Board/Committee expenses	2,089	5,874
Marketing/Fundraising/Development	<u>22,788</u>	<u>23,404</u>
	<u>235,547</u>	<u>219,035</u>
Indirect expenditures – Haiti:		
Salaries	59,945	51,631
Benefits	23,778	13,174
Office expense	13,013	15,472
Bank Charges	1,836	1,801
Depreciation vehicle	3,125	-
Office expansion	<u>35,143</u>	<u>-</u>
	<u>136,840</u>	<u>82,078</u>
Total expenditures	<u>1,086,076</u>	<u>1,203,409</u>
Increase (decrease) in unrestricted net assets	<u>(29,626)</u>	<u>145,339</u>
Changes in temporarily restricted net assets		
Grants	379,940	479,247
Contributions	97,060	177,061
Net assets released from restrictions	<u>(622,396)</u>	<u>(797,695)</u>
Increase (decrease) in temporarily restricted net assets	<u>(145,218)</u>	<u>(141,387)</u>
Increase (decrease) in net assets	(174,844)	3,952
Net assets, beginning of year	<u>667,204</u>	<u>663,252</u>
Net assets, end of year	<u><u>\$ 492,360</u></u>	<u><u>\$ 667,204</u></u>

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

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statement of Cash Flows

Year Ended August 31, 2012

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (174,844)	\$ 3,952
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	3,125	-
(Increase) decrease in accounts receivable	7,880	(121,542)
(Increase) decrease in prepaid expenses	12,608	(13,446)
Increase (decrease) in accounts payable and accrued expenses	<u>(14,492)</u>	<u>17,254</u>
Net cash provided (used) by operating activities	<u>(165,723)</u>	<u>(113,782)</u>
Cash flows from investing activities		
Purchase of vehicle	<u>(12,500)</u>	-
Net cash used by investing activities	<u>(12,500)</u>	-
Net decrease in cash and cash equivalents	(178,223)	(113,782)
Cash and cash equivalents, beginning of year	<u>508,532</u>	<u>622,314</u>
Cash and cash equivalents, end of year	<u>\$ 330,309</u>	<u>\$ 508,532</u>

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

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Notes to Financial Statements

August 31, 2012

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 (formerly SFAS No. 117), "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

August 31, 2012

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 are based on values provided by contributing entities. 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.

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.

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.

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Notes to Financial Statements

August 31, 2012

2. Net Assets (Concluded)

Temporarily restricted net assets at are available for:

	<u>2012</u>	<u>2011</u>
Earthquake response	\$ 15,000	\$ 152,508
Mainline	25,247	33,850
Water system	17,364	22,271
Chemonic's FSM rehab	37,600	-
DRI supply chain	23,597	28,356
Nightingale grant	-	15,000
Other construction and relief projects	<u>22,119</u>	<u>34,160</u>
	<u>\$ 140,927</u>	<u>\$ 286,145</u>

3. Subsequent Events

Subsequent events have been evaluated through December 8, 2012, which is the date the financial statements were available to be issued,