

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

FINANCIAL STATEMENTS

August 31, 2013 and 2012

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) as of August 31, 2013 and 2012, which comprise the statements of financial position as of August 31, 2013 and 2012, 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 August 31, 2013 and 2012, 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
November 20, 2013

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statements of Financial Position

August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and cash equivalents	\$ 382,514	\$ 330,309
Accounts receivable	36,312	169,322
Prepaid expenses	634	2,273
Vehicle, net of accumulated depreciation of 2,273	<u>5,208</u>	<u>9,375</u>
Total assets	\$ <u>424,668</u>	\$ <u>511,279</u>
Liabilities		
Accounts payable and accrued expenses	<u>\$ 14,991</u>	<u>\$ 18,919</u>
Total liabilities	<u>14,991</u>	<u>18,919</u>
Net assets		
Unrestricted	346,141	351,433
Temporarily restricted	<u>63,536</u>	<u>140,927</u>
Total net assets	<u>409,677</u>	<u>492,360</u>
Total net assets	\$ <u>424,668</u>	\$ <u>511,279</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Changes in net assets		
Revenues		
Donations	\$ 227,315	\$ 225,957
Donations in-kind	636,733	181,777
Commission fee revenue	17,782	-
Merchandise revenue	13,597	14,319
Program payments	4,150	4,085
Event income	125	1,882
Interest income	381	1,515
Gain on foreign currency transactions	<u>2,534</u>	<u>4,518</u>
Total revenues	902,617	434,053
 Net assets released from restrictions	 <u>458,858</u>	 <u>622,396</u>
 Total unrestricted support and reclassifications	 <u>1,361,475</u>	 <u>1,056,449</u>
 Expenditures		
Program direct expenditures:		
General travel and training	65,798	56,448
Supply Chain expenses	608,456	199,878
Infrastructure expenses	7,354	26,843
Pediatrics	41,813	56,516
Fort St. Michel	68,804	157,542
Internal Medicine	-	9,999
Diabetes Project	2,628	12,313
Wound Care (ER)	2,948	3,958
Psycho-Social Support	-	27,000
Women's Health Program	43,023	34,259
Earthquake and Cholera	2,771	2,248
Tikay TB Study	93,558	-
SOIL ecological sanitation	82,528	-
DAI Community Outreach	-	195
Spinal Cord Rehab	-	24,211
UNDP Training and Well	-	7,786
Chemonic's Electrical Project	-	56,007
Chemonic's Health Systems Project	41,177	-
HHA Maternity Study	218	1,980
Emory University Projects	8,531	805
Chemonic's FSM Rehab	-	35,700
	<u>1,069,607</u>	<u>713,688</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, 2013

	<u>2013</u>	<u>2012</u>
Indirect expenditures – U.S.:		
Salaries	\$ 152,012	\$ 155,972
Benefits	30,013	26,838
Rent & Utilities	12,600	12,600
Office expense	7,616	6,728
Professional fees	6,055	6,794
Bank Charges	1,675	1,738
Board/Committee expenses	1,941	2,089
Marketing/Fundraising/Development	<u>12,912</u>	<u>22,788</u>
	<u>224,824</u>	<u>235,547</u>
Indirect expenditures – Haiti:		
Salaries	41,170	59,945
Benefits	18,473	23,778
Office expense	6,463	13,013
Bank Charges	2,063	1,836
Depreciation vehicle	4,167	3,125
Office expansion	<u>-</u>	<u>35,143</u>
	<u>72,336</u>	<u>136,840</u>
Total expenditures	<u>1,366,767</u>	<u>1,086,076</u>
Increase (decrease) in unrestricted net assets	<u>(5,292)</u>	<u>(29,626)</u>
Changes in temporarily restricted net assets		
Grants	362,626	379,940
Contributions	18,841	97,060
Net assets released from restrictions	<u>(458,858)</u>	<u>(622,396)</u>
Increase (decrease) in temporarily restricted net assets	<u>(77,391)</u>	<u>(145,218)</u>
Increase (decrease) in net assets	<u>(82,683)</u>	<u>(174,844)</u>
Net assets, beginning of year	<u>492,360</u>	<u>667,204</u>
Net assets, end of year	<u>\$ 409,677</u>	<u>\$ 492,360</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, 2013

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Decrease in net assets	\$ (82,683)	\$ (174,844)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	4,167	3,125
(Increase) decrease in accounts receivable	133,010	7,880
(Increase) decrease in prepaid expenses	1,639	12,608
Increase (decrease) in accounts payable and accrued expenses	<u>(3,928)</u>	<u>(14,492)</u>
Net cash provided (used) by operating activities	<u>52,205</u>	<u>(165,723)</u>
Cash flows from investing activities		
Purchase of vehicle	<u> </u>	<u>(12,500)</u>
Net cash used by investing activities	<u> </u>	<u>(12,500)</u>
Net increase (decrease) in cash and cash equivalents	52,205	(178,223)
Cash and cash equivalents, beginning of year	<u>330,309</u>	<u>508,532</u>
Cash and cash equivalents, end of year	<u>\$ 382,514</u>	<u>\$ 330,309</u>

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

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Notes to Financial Statements

August 31, 2013

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

August 31, 2013

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. The Organization's tax returns subsequent to August 2010 are open and subject to examination by federal and state taxing authorities.

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, 2013

2. Net Assets (Concluded)

Temporarily restricted net assets at are available for:

	<u>2013</u>	<u>2012</u>
Earthquake response	\$ -	\$ 15,000
SOIL ecological sanitation	16,639	-
Maineline	9,643	25,247
Water system	10,555	17,364
Chemonic's FSM rehab	-	37,600
DRI supply chain	-	23,597
Westwind – family planning	5,000	-
Other construction and relief projects	<u>21,699</u>	<u>22,119</u>
	<u>\$ 63,536</u>	<u>\$ 140,927</u>

3. Retirement Plan

The Company has a defined contribution 401(k) plan covering substantially all U. S. employees. Matching contributions paid by the Company were \$4,480 in the year ended August 31, 2012 and \$3,238 in the year ended August 31, 2011.

4. Subsequent Events

Subsequent events have been evaluated through November 20, 2013, which is the date the financial statements were available to be issued,