

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

FINANCIAL STATEMENTS

September 30, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, 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.

Other Matter

As described in Note 2, in 2014 Konbit Sante Cap Haitien Health Partnership changed its fiscal year end from August 31 to September 30 for both financial reporting and tax return purposes.

Blake Hurley McCallum & Conley, LLC

Westbrook, Maine

January 12, 2016

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Statements of Financial Position

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 374,264	\$ 323,978
Investments, at fair value	-	153,784
Accounts receivable	29,326	50,595
Prepaid expenses	2,192	32,140
Vehicle	12,500	12,500
Accumulated depreciation	<u>(12,500)</u>	<u>(11,806)</u>
Total assets	<u>\$ 405,782</u>	<u>\$ 561,191</u>
Liabilities		
Accounts payable and accrued expenses	<u>\$ 18,729</u>	<u>\$ 30,638</u>
Total liabilities	<u>18,729</u>	<u>30,638</u>
Net assets		
Unrestricted	296,179	285,070
Temporarily restricted	<u>90,874</u>	<u>245,483</u>
Total net assets	<u>387,053</u>	<u>530,553</u>
Total net assets	<u>\$ 405,782</u>	<u>\$ 561,191</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Changes in net assets		
Revenues		
Donations	\$ 233,766	\$ 207,680
Donations in-kind	610,838	61,297
Commission fee revenue	17,762	-
Merchandise revenue	4,156	7,102
Program payments	7,709	4,180
Interest income	405	392
Gain (loss) on investments	(409)	3,784
Gain on foreign currency transactions	<u>3,616</u>	<u>7,817</u>
Total revenues	877,843	292,252
Net assets released from restrictions	<u>641,234</u>	<u>207,111</u>
Total unrestricted support and reclassifications	<u>1,519,077</u>	<u>499,363</u>
Expenditures		
Program direct expenditures:		
General travel and training	46,663	53,438
Supply Chain expenses	610,763	41,064
Infrastructure Programs	270,181	5,949
Community Based Programs	109,784	82,403
Facility Based Programs	44,433	54,966
HHA Support	150,000	-
Emory University Projects	<u>2,797</u>	<u>8,053</u>
	<u>1,234,621</u>	<u>245,873</u>
Indirect expenditures – U.S.:		
Salaries	138,751	128,638
Benefits	25,782	22,121
Rent & Utilities	12,600	12,600
Office expense	6,303	5,323
Professional fees	5,110	6,486
Bank Charges	2,185	2,256
Board/Committee expenses	6,039	4,873
Bad debt expense	-	2,197
Marketing/Fundraising/Development	<u>18,300</u>	<u>35,826</u>
	<u>215,070</u>	<u>220,320</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Indirect expenditures – Haiti:		
Salaries	\$ 32,387	\$ 50,971
Benefits	4,578	11,082
Office expense	10,497	7,985
Bank Charges	1,657	1,148
Depreciation vehicle	694	4,167
Professional fees	<u>8,464</u>	<u>172</u>
	<u>58,277</u>	<u>75,525</u>
Total expenditures	<u>1,507,968</u>	<u>541,718</u>
Increase (decrease) in unrestricted net assets	<u>11,109</u>	<u>(42,355)</u>
Changes in temporarily restricted net assets		
Grants	353,675	171,940
Contributions	132,950	225,607
Net assets released from restrictions	<u>(641,234)</u>	<u>(207,111)</u>
Increase (decrease) in temporarily restricted net assets	<u>(154,609)</u>	<u>190,436</u>
Increase (decrease) in net assets	<u>(143,500)</u>	<u>148,081</u>
Net assets, beginning of year	<u>530,553</u>	<u>382,472</u>
Net assets, end of year	<u>\$ 387,053</u>	<u>\$ 530,553</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (143,500)	\$ 148,081
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	694	4,167
Contribution of investments	-	(150,000)
(Gain) loss on investments	409	(3,784)
(Increase) decrease in accounts receivable	21,269	(9,664)
(Increase) decrease in prepaid expenses	29,948	(32,140)
Increase (decrease) in accounts payable and accrued expenses	<u>(11,909)</u>	<u>13,726</u>
Net cash used by operating activities	<u>(103,089)</u>	<u>(29,614)</u>
Cash flows from investing activities		
Proceeds from sale of investments	<u>153,375</u>	<u>-</u>
Net cash provided by investing activities	<u>153,375</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	50,286	(29,614)
Cash and cash equivalents, beginning of year	<u>323,978</u>	<u>353,592</u>
Cash and cash equivalents, end of year	<u>\$ 374,264</u>	<u>\$ 323,978</u>

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

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Notes to Financial Statements

September 30, 2015 and 2014

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, 2015 and 2014

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 2012 are open and subject to examination by federal and state taxing authorities.

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Notes to Financial Statements

September 30, 2015 and 2014

2. Change in Year End

In 2015 the Organization decided to change its fiscal year end for both tax and financial reporting purposes from August 31 to September 30. This change was made to more closely align the Organization's reporting cycle to those of many of its funding sources. For the one month period ending September 30, 2014 the Organization's net assets decreased by \$17,489.

3. 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>2015</u>	<u>2014</u>
SOIL - ecological sanitation	\$ 45,806	\$ -
HHA - Haiti hospital	-	150,000
HHA - Partnership	6,944	-
Maineline	-	1,207
ULS RF	1,500	-
SG - pediatrics	-	15,020
Water system	1,836	4,357
Safe Birthing	1,320	2,518
Omaze – healthy birthing	-	18,575
Dr St Fleur – US Trip	1,139	181
Westwind – women's health	8,374	13,759
Westwind – family planning	7,890	10,000
DRI Supply Chain	-	2,533
Josue Limpervil	2,000	2,000
Amity – mobile clinics	5,221	14,305
Laalitha Surapaneni Project – supply chain	8,844	11,028
	<u>\$ 90,874</u>	<u>\$ 245,483</u>

4. Investments

In 2015 Konbit Sante received a restricted contribution of \$150,000 of shares in the Domini Social Equity Fund. The fair value of the fund at September 30, 2014 was \$153,784. The unrealized gain on the investment at September 30, 2014 was \$3,784. The investment was sold during the year ended September 30, 2015 and a loss of \$409 was recognized on the sale.

KONBIT SANTE CAP HAITIEN HEALTH PARTNERSHIP

Notes to Financial Statements

September 30, 2015 and 2014

5. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The carrying value of investments in the Domini Social Equity Fund of \$153,784 at September 30, 2014 is reported at fair value using Level 2 inputs.

6. Retirement Plan

Konbit Sante has a defined contribution 401(k) plan covering substantially all U. S. employees. Matching contributions paid by the Company were \$7,022 in the year ended September 30, 2015 and \$6,400 in the year ended September 30, 2014.

7. Subsequent Events

Subsequent events have been evaluated through January 12, 2016, which is the date the financial statements were available to be issued,