

**HAITI OUTREACH AND
HAITI OUTREACH/COLLABORATION AVEC HAITI**

COMBINED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

**HAITI OUTREACH AND
HAITI OUTREACH/COLLABORATION AVEC HAITI**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
**Haiti Outreach and
Haiti Outreach/Collaboration Avec Haiti**
Golden Valley, Minnesota

Opinion

I have audited the combined statements of financial position of Haiti Outreach (HO) and Haiti Outreach/Collaboration Avec Haiti (HO/CH), both nonprofit organizations, as of December 31, 2021 and 2020 and the related combined statements of activity, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the combined financial statements present fairly, in all material respects, the combined position of HO and HO/CH as of December 31, 2021 and 2020, and the results of their combined changes in net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS.) My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of HO and HO/CH and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibility of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HO and HO/CH's ability to continue as going concerns within one year after the date these financial statements are issued.

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Combined Financial Statements

My objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HO and HO/CH's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HO and HO/CH's ability to continue as going concerns within one year from the date these financial statements are issued.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Sherry D. Heffernan, Ltd.
Sherry D. Heffernan, Ltd.

April 21, 2022

**Haiti Outreach, Inc. (HO) and
Haiti Outreach/Collaboration Avec Haiti (HO/CH)
Combined Statement of Financial Position
December 31, 2021 and 2020**

	2021		2020	
	HO	HO/CH	HO	HO/CH
		Combined Total		Combined Total
ASSETS				
Cash and restricted cash	\$ 334,540	\$ 47,408	\$ 373,507	\$ 38,837
Promises to give	25,120	26,123	19,656	41,250
Grants receivable	27,000	-	27,000	-
Accounts receivable	6,442	375	7,311	3,888
Fixed Assets:				
Land	-	8,621	-	12,600
Buildings and leasehold improvements	-	207,963	-	303,946
Equipment	-	133,404	-	194,975
Vehicles	-	52,905	-	104,490
Accumulated depreciation	-	402,893	-	616,011
	-	338,330	-	476,879
	-	64,563	-	139,132
TOTAL ASSETS	\$ 393,102	\$ 138,469	\$ 427,474	\$ 223,107
		\$ 531,571		\$ 650,581
LIABILITIES				
Accounts payable	\$ 3,076	-	\$ 11,414	-
Accrued expenses	3,189	8,089	4,575	3,114
Refundable advance/unearned revenue	29,199	-	23,555	-
TOTAL LIABILITIES	35,464	8,089	39,544	3,114
		43,553		42,658
NET ASSETS				
Without donor restrictions	305,518	104,328	324,273	178,743
With donor restrictions	52,120	26,052	63,657	41,250
TOTAL NET ASSETS	357,638	130,380	387,930	219,993
		488,018		607,923
TOTAL LIABILITIES AND NET ASSETS	\$ 393,102	\$ 138,469	\$ 427,474	\$ 223,107
		\$ 531,571		\$ 650,581

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

Haiti Outreach, Inc. (HO) and
Haiti Outreach/Collaboration Avec Haiti (HO/CH)
Combined Statement of Activities
December 31, 2021 and 2020

	2021			2020				
	HO	HO/CH	Combining Entries	Combined Total	HO	HO/CH	Combining Entries	Combined Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
SUPPORT AND REVENUES								
Contributions	\$ 658,330	\$ -	\$ -	\$ 658,330	\$ 761,905	\$ -	\$ -	\$ 761,905
Grant from HO	-	540,000	(540,000)	-	-	315,000	(315,000)	-
Well drilling and other program income	111,750	56,262	-	168,012	35,516	201,696	-	237,212
Educational trip income	400	-	-	400	2,580	-	-	2,580
Guest house income	1,774	21,183	-	22,957	3,300	13,077	-	16,377
Miscellaneous income	30	13,900	-	13,930	120	9,562	-	9,682
Special event revenue including contributions	106,112	-	-	106,112	-	-	-	-
Less: Costs of direct benefits to donors	13,445	-	-	13,445	-	-	-	-
	92,667	-	-	92,667	-	-	-	-
Net assets released from restrictions	136,072	30,148	-	166,220	90,148	61,841	-	151,989
TOTAL SUPPORT AND REVENUE	<u>1,001,023</u>	<u>661,493</u>	<u>(540,000)</u>	<u>1,122,516</u>	<u>893,569</u>	<u>601,176</u>	<u>(315,000)</u>	<u>1,179,745</u>
EXPENSES								
Program services	789,532	647,805	(540,000)	897,337	585,332	622,508	(315,000)	892,840
Management and general	81,719	50,185	-	131,904	84,078	45,976	-	130,054
Fundraising	148,527	-	-	148,527	141,334	-	-	141,334
TOTAL EXPENSES	<u>1,019,778</u>	<u>697,990</u>	<u>(540,000)</u>	<u>1,177,768</u>	<u>810,744</u>	<u>668,484</u>	<u>(315,000)</u>	<u>1,164,228</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
	<u>(18,755)</u>	<u>(36,497)</u>	<u>-</u>	<u>(55,252)</u>	<u>82,825</u>	<u>(67,308)</u>	<u>-</u>	<u>15,517</u>

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

Continued next page

Haiti Outreach, Inc. (HO) and
Haiti Outreach/Collaboration Avec Haiti (HO/CH)
Combined Statement of Activities, continued
December 31, 2021 and 2020

	2021			2020			
	HO	HO/CH	Combining Entries	HO	HO/CH	Combining Entries	Combined Total
Balance Forward:							
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(18,755)	(36,497)	-	82,825	(67,308)	-	15,517
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS							
Contributions	81,720	14,950	-	73,657	103,091	-	176,748
Paycheck Protection Program loan forgiveness	42,815	-	-	46,047	-	-	46,047
Net assets released from restrictions	(136,072)	(30,148)	-	(90,148)	(61,841)	-	(151,989)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(11,537)</u>	<u>(15,198)</u>	<u>-</u>	<u>29,556</u>	<u>41,250</u>	<u>-</u>	<u>70,806</u>
CHANGE IN NET ASSETS BEFORE TRANSLATION ADJUSTMENTS	(30,292)	(51,695)	-	112,381	(26,058)	-	86,323
Foreign currency translation adjustments	-	(37,918)	-	-	41,210	-	41,210
INCREASE (DECREASE) IN NET ASSETS	(30,292)	(89,613)	-	112,381	15,152	-	127,533
NET ASSETS AT BEGINNING OF YEAR	<u>387,930</u>	<u>219,993</u>	<u>-</u>	<u>275,549</u>	<u>204,841</u>	<u>-</u>	<u>480,390</u>
NET ASSETS AT END OF YEAR	<u>\$ 357,638</u>	<u>\$ 130,380</u>	<u>\$ -</u>	<u>\$ 387,930</u>	<u>\$ 219,993</u>	<u>\$ -</u>	<u>\$ 607,923</u>

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

Haiti Outreach, Inc. (HO) and
Haiti Outreach/Collaboration Avec Haiti (HO/CH)
Combined Statement of Cash Flows
December 31, 2021 and 2020

	2021			2020		
	HO	HO/CH	Combined Total	HO	HO/CH	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets before translation adjustment	\$ (30,292)	\$ (51,695)	\$ (81,987)	\$ 112,381	\$ (26,058)	\$ 86,323
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:						
Depreciation	-	31,657	31,657	-	35,033	35,033
(Increase) decrease in:						
Promises to give	(5,464)	15,127	9,663	(5,579)	(41,250)	(46,829)
Grants receivable	-	-	-	(6,976)	-	(6,976)
Accounts receivable	869	3,513	4,382	1,755	13,190	14,945
Accounts payable and accrued expenses	(9,724)	4,975	(4,749)	(7,270)	1,097	(6,173)
Refundable advance/unearned revenue	5,644	-	5,644	(97,800)	-	(97,800)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(38,967)</u>	<u>3,577</u>	<u>(35,390)</u>	<u>(3,489)</u>	<u>(17,988)</u>	<u>(21,477)</u>
Effect of exchange rate changes on cash	-	4,994	4,994	-	1,522	1,522
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	(38,967)	8,571	(30,396)	(3,489)	(16,466)	(19,955)
CASH AND RESTRICTED CASH, AT BEGINNING OF YEAR	<u>373,507</u>	<u>38,837</u>	<u>412,344</u>	<u>376,996</u>	<u>55,303</u>	<u>432,299</u>
CASH AND RESTRICTED CASH, AT END OF YEAR	<u>\$ 334,540</u>	<u>\$ 47,408</u>	<u>\$ 381,948</u>	<u>\$ 373,507</u>	<u>\$ 38,837</u>	<u>\$ 412,344</u>

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

**Haiti Outreach, Inc. (HO) and
Haiti Outreach/Collaboration Avec Haiti (HO/CH)
Combined Statement of Functional Expenses
December 31, 2021**

	HO		Fund-		HO/CH		Combined Total
	Management and General	raising	Total	Program	and General	Total	
Salaries, taxes and benefits	\$ 159,732	\$ 107,094	\$ 326,147	\$ 304,353	\$ 39,873	\$ 344,226	\$ 670,373
Contractors	-	8,412	8,412	20,173	700	20,873	29,285
Grants to HO/CH	540,000	-	540,000	-	-	-	(540,000)
Grant	16,620	-	16,620	-	-	-	16,620
Specific program expenses:							
Haiti group trips	440	-	440	-	-	-	440
Equipment and tools	4,927	-	4,927	-	-	-	4,927
Parts, repairs and maintenance	22,050	-	22,050	45,960	-	45,960	68,010
Diesel, fuel and gas	-	-	-	33,479	-	33,479	33,479
Shipping and customs	5,945	-	5,945	13,083	-	13,083	19,028
Project materials	8,350	-	8,350	76,680	-	76,680	85,030
Travel	5,876	-	5,876	81,494	-	81,494	87,370
Guesthouse and meals	581	-	581	5,998	-	5,998	6,579
	48,169	-	48,169	256,694	-	256,694	304,863
Marketing	-	11,480	11,480	-	-	-	11,480
Office expenses	7,027	13,542	26,464	2,940	6,171	9,111	35,575
Postage and printing	1,653	4,958	8,264	2,993	-	2,993	11,257
Rent	8,064	3,179	16,898	2,907	-	2,907	19,805
Telephone and internet	8,267	3,259	17,324	3,477	275	3,752	21,076
Travel, airfare and hotels	-	-	-	25,777	-	25,777	25,777
Depreciation	-	-	-	28,491	3,166	31,657	31,657
Direct benefits to donors	-	-	-	-	-	-	13,445
Total expenses	\$ 789,532	\$ 81,719	\$ 1,033,223	\$ 647,805	\$ 50,185	\$ 697,990	\$ 1,191,213
Less expenses included with revenues on the statement of activities	-	(13,445)	(13,445)	-	-	-	(13,445)
Total expenses included in the expense section of the statement of activities	\$ 789,532	\$ 81,719	\$ 1,019,778	\$ 647,805	\$ 50,185	\$ 697,990	\$ 1,177,768
	77.4%	8.0%	100.0%	92.8%	7.2%	100.0%	

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

**Haiti Outreach, Inc. (HO) and
Haiti Outreach/Collaboration Avec Haiti (HO/CH)
Combined Statement of Functional Expenses
December 31, 2020**

	HO		Fund-		HO/CH		Combined Total
	Program	Management and General	raising	Total	Program	Management and General	
Salaries, taxes and benefits	\$ 154,996	\$ 58,006	\$ 97,565	\$ 310,567	\$ 273,077	\$ 38,464	\$ 622,108
Contractors	5,000	9,580	10,625	25,205	27,433	-	52,638
Grants to HO/CH	315,000	-	-	315,000	-	-	(315,000)
Specific program expenses:							
Haiti group trips	3,881	-	-	3,881	25	-	3,906
Equipment and tools	3,176	-	-	3,176	2,408	-	5,584
Parts, repairs and maintenance	21,744	-	-	21,744	36,398	-	58,142
Diesel, fuel and gas	-	-	-	-	36,496	-	36,496
Shipping and customs	7,832	-	-	7,832	20,227	-	28,059
Project materials	6,536	-	-	6,536	67,619	-	74,155
Travel	-	-	-	-	51,835	-	51,835
Guesthouse and meals	-	-	-	-	11,017	-	11,017
	<u>43,169</u>	<u>-</u>	<u>-</u>	<u>43,169</u>	<u>226,025</u>	<u>-</u>	<u>269,194</u>
Office expenses	8,710	6,354	8,599	23,663	5,474	2,725	31,862
Marketing	-	-	2,511	2,511	-	-	2,511
Postage and printing	1,604	1,604	6,070	9,278	442	-	9,720
Rent	8,034	3,184	5,271	16,489	19,130	-	35,619
Telephone and internet	12,335	4,889	8,093	25,317	11,550	1,284	38,151
Travel, airfare and hotels	36,484	461	2,600	39,545	27,847	-	67,392
Depreciation	-	-	-	-	31,530	3,503	35,033
Total expenses	\$ 585,332	\$ 84,078	\$ 141,334	\$ 810,744	\$ 622,508	\$ 45,976	\$ 1,164,228
	<u>72.2%</u>	<u>10.4%</u>	<u>17.4%</u>	<u>100.0%</u>	<u>93.1%</u>	<u>6.9%</u>	<u>100.0%</u>

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

**HAITI OUTREACH and
HAITI OUTREACH/COLLABORATION AVEC HAITI**

Notes to Combined Financial Statements

December 31, 2021 and 2020

1) Organizational Purpose

Haiti Outreach, Inc. (HO) is a 501(c)(3) nonprofit based in Minnesota that works with communities in Haiti on water, sanitation, hygiene, and education projects that communities initiate, help build and sustain.

Haiti Outreach/Collaboration Avec Haiti (HO/CH) is a Haiti Civil Society Organization based in Pignon, Haiti. It is engaged in community development projects in Haiti to improve the Haitian's quality of life and help them become self-sufficient. HO/CH's primary activities consist of providing fresh water wells in rural Haiti, local water systems in small towns and training Haitian community groups in their management. Haiti Outreach has made four public schools possible. Haiti Outreach also operates a guesthouse for foreign aid workers and Haitian visitors to Pignon.

The organizations are hereinafter referred to as HO, HO/CH or the organizations.

2) Summary of Significant Accounting Policies

Combined Financial Statements

The financial statements include the accounts of HO and HO/CH. All significant intra-entity transactions and accounts are eliminated.

Basis of Accounting and Presentation

The financial statements of the organizations have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The organizations are required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organizations consider all unrestricted cash and other highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Foreign Currency Translation

HO/CH conducts the majority of its operations using the Haitian currency, gourdes. For purposes of these financial statements gourde transactions have been translated into U.S. dollars at an average exchange rate of approximately 83 and 93 gourdes per one U.S. dollar, in 2021 and 2020, respectively.

**HAITI OUTREACH and
HAITI OUTREACH/COLLABORATION AVEC HAITI**
Notes to Combined Financial Statements

2) Summary of Significant Accounting Policies, continued

Foreign Currency Translation, continued

Substantially all assets and liabilities of the Haitian operations are translated at year-end exchange rates which were approximately 95 and 65 gourdes at December 31, 2021 and 2020, respectively. Support, revenues and expense are translated at the average exchange rates during the year. Translation gains and losses are recorded as a component of unrestricted net assets within net assets. All other foreign currency gains and losses are included in the statement of activity in other income or expenses, net.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

HO maintains its deposits in one financial institution located in the Twin Cities. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021, the organization's uninsured cash balance was approximately \$85,000.

At December 31, 2021 HO/CH had \$47,408 in cash or deposits in Haitian financial institutions that are not insured by the FDIC.

Concentrations of Credit Risk Due to Promises to Give and Grants Receivable

Financial instruments that potentially subject the organizations to concentrations of credit risk consist principally of unconditional promises to give and grants receivable. At December 31, 2021, 52% of HO's promises to give and grants receivable were due from one donor and 99% of HO/CH's promises to give were due from one donor. At December 31, 2020, 71% of HO's promises to give and grants receivable were due from two donors and 100% of HO/CH's promises to give were due from one donor.

Concentration of Revenue and Support

HO received approximately 28% of its total revenues and support from one vendor in 2021 and approximately 35% of its total revenues and support from one donor in 2020. HO/CH received approximately 40% of its total revenues and support from three donors in 2020.

**HAITI OUTREACH and
HAITI OUTREACH/COLLABORATION AVEC HAITI**

Notes to Combined Financial Statements

2) Summary of Significant Accounting Policies, continued

Geographic Concentration and Risks of Foreign Operations

The organization conducts its operations in Pignon, Haiti, and therefore, is subject to risks from changes in local economic conditions. These operations are subject to risks inherent in operating in a country that is not typically associated with operations in North America. Accordingly, the organization's financial condition and activities may be influenced by the political, economic, and legal environments in Haiti. As a result, the activities in Haiti are subject to a variety of risks, including social, political and economic instability, inflation, tariffs and other trade barriers, fluctuations in foreign exchange rates, and unexpected changes in regulatory requirements.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Promises to Give and Grants Receivable

Unconditional promises to give and grants receivable are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

The organizations capitalize all expenditures for property and equipment in excess of \$2,000. Purchased property and equipment are recorded at cost. Donated property is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of three to thirty years. Replacements, maintenance and repairs which do not improve or extend the lives of the assets are expensed as incurred.

Net Assets

Net assets, revenues, gain and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

HAITI OUTREACH and
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Notes to Combined Financial Statements

2) Summary of Significant Accounting Policies, continued

Net Assets, continued

Net Assets with Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

The organizations recognize contributions when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Federal grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Consequently, at December 31, 2021 and 2020, contributions approximating \$42,500 and \$186,000, respectively, had not been recognized in the accompanying combined statement of activities because the conditions on which they depend have not yet been met.

All donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction. Program service fees are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributed Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organizations. The organizations received approximately 480 and 645 volunteer hours in 2021 and in 2020, respectively (unaudited). No amounts have been reflected in the financial statements for donated services.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**HAITI OUTREACH and
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Notes to Combined Financial Statements

2) Summary of Significant Accounting Policies, continued

Income Taxes

HO has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and contributions by donors are tax deductible. HO/CH is recognized as a United Nations, Nongovernmental Organization (NGO).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

3) Liquidity and Availability

HO and HO/CH consider contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. The organizations consider all expenditures related to their ongoing activities related to their organizational purpose as well as the conduct of services undertaken to support those activities to be general expenditures. Annual operations are defined as activities occurring during the organization's calendar year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year at December 31, 2021 and 2020, are as follows:

	<u>HO</u>	<u>HO/CH</u>	<u>2021</u> <u>Combined</u>
Cash and cash equivalents	\$ 334,540	\$ 47,408	\$ 381,948
Promise to give	25,120	26,123	51,243
Grants receivable	27,000	-	27,000
Accounts receivable	<u>6,442</u>	<u>375</u>	<u>6,817</u>
	<u>\$ 393,102</u>	<u>\$ 73,906</u>	<u>\$ 467,008</u>
	<u>HO</u>	<u>HO/CH</u>	<u>2020</u> <u>Combined</u>
Cash and cash equivalents	\$ 373,507	\$ 38,837	\$ 412,344
Promise to give	19,656	41,250	60,906
Grants receivable	27,000	-	27,000
Accounts receivable	<u>7,311</u>	<u>3,888</u>	<u>11,199</u>
	<u>\$ 427,474</u>	<u>\$ 83,975</u>	<u>\$ 511,449</u>

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4) Restricted Cash

HO had restricted cash of \$40,555 at December 31, 2020, which was included in cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

Amounts included in restricted cash represent amounts required to be used for specific program purposes by the donor.

5) Promises to Give

HO's unconditional promises to give of \$25,120 and \$19,656 at December 31, 2021 and 2020, respectively, are collectible in one year. HO/CH's unconditional promises to give of \$26,123 and \$41,250 at December 31, 2021 and 2020, respectively, are also collectible in one year.

Conditional promises to give at December 31, 2021 and 2020 consist of promises for a program to accelerate sanitation and water programs within Haiti of \$42,510 and \$185,915, respectively.

6) Grants Receivable

HO's grant receivable of \$27,000 at December 31, 2021 and 2020, respectively, is collectible within one year.

7) Refundable Advances

In prior years, HO received a contribution with donor restrictions, conditioned on future events and performance requirements. Contribution revenue is recognized as those donor conditions are met. Contributions received in advance of the conditions being met totaled \$23,555 at December 31, 2020, were recorded as a refundable advance, and were subsequently recognized as contribution revenue in 2021.

8) Operating Leases

HO leases office space under an operating lease which expires August 31, 2022. Monthly rent is currently \$1,394 which includes utilities, real estate taxes and insurance. HO is responsible for all maintenance and repairs on leasehold improvements located within the premises. Rent expense was \$16,898 and \$16,490 for the years ended December 31, 2021 and 2010, respectively.

Future minimum lease payments under this operating lease are \$11,424.

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9) Net Assets with Donor Restrictions

HO's net assets with donor restrictions are \$52,120 and \$63,657 as of December 31, 2021 and 2020, respectively, and are available for future year programs. HO/CH's net assets with donor restrictions were \$26,052 and \$41,250 as of December 31, 2021 and 2020, respectively.

10) Forgiveness of Paycheck Protection Program Loan

In April 2020 HO received loan proceeds (considered a refundable advance) in the amount of \$46,047 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provided for loans to qualifying nonprofits for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying nonprofit. The loan and accrued interest were forgivable after an eight week or twenty-four week period, to be chosen by the borrower, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. HO received an additional amount of \$42,815 under the PPP in 2021. It appropriately expended all funds in 2021 and 2020 relative to the advances and they were forgiven by the Small Business Administration in 2021 and 2020, respectively, and recognized as income.

11) Employee Benefit Plan

HO established a tax sheltered SIMPLE IRA retirement plan in 2020. The plan is offered to all full-time employees who are expected to make \$5,000 or more in a calendar year. HO makes a matching contribution to the plan each year equal to 3% of all participants' compensation. HO made contributions of approximately \$8,100 and \$7,800 in 2021 and 2020, respectively.

12) Intra-entity Transactions

HO annually grants to HO/CH amounts required to complete the program activities in Haiti as agreed to and developed by both organizations. The amounts granted were \$540,000 in 2021 and \$315,000 in 2020 and are eliminated in the combined totals of the financial statements.

13) Related Party Transaction

During 2019, HO contracted with a Board member to produce a video of Haiti operations to be used in fundraising and educational presentations. The cost of the video was \$2,375 in 2020. The Board member excused himself from deliberations on the choice of video production company.

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14) Grantor or Donor Restrictions

Certain contributions or grants from donors and program service contracts are subject to special audit by the donor or contractor. Such audits could result in claims against the organization for disallowed costs or noncompliance with grantor or contract restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

15) Income Taxes

HO has evaluated its potential exposure for uncertain tax positions and management has expressed there are no uncertain tax positions as of December 31, 2021. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

16) Subsequent Events, Risks and Uncertainties

The organizations have evaluated subsequent events through April 21, 2022, the date the financial statements were available to be issued. The organizations are not aware of any subsequent events that require recognition or disclosure in the financial statements, except as noted below.

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 outbreak in the United States and in Haiti has caused business disruption through mandated and voluntary closings of multiple service organizations. Specific to the organizations, COVID-19 has impacted various parts of their 2021 and 2020 operations and financial results including but not limited to additional costs both in the United States and in Haiti for emergency preparedness, disease control and containment, potential shortages of personnel, and/or loss of revenue due to reductions in certain revenue streams.

While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the pandemic and its effects on operations. Therefore, the organizations expect this matter may negatively impact their operating results. Management believes the organizations are taking appropriate actions to mitigate the impacts. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of April 21, 2022.