

Independent Auditor's Report and Financial Statements

HAITI EDUCATION FOUNDATION, INC.

For the year ended DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Haiti Education Foundation, Inc.
El Dorado, Arkansas

We have audited the accompanying financial statements of Haiti Education Foundation, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of December 31, 2020, the related statements of support, revenue, and expenses – cash basis, functional expenses – cash basis and cash flows – cash basis for the year 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit 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 due to 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 assets, liabilities, and net assets of Haiti Education Foundation, Inc. as of December 31, 2020, and its support, revenue, and expenses and cash flows for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Independent Auditor's Report (Continued)
Haiti Education Foundation, Inc.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Parks & Company PLC

El Dorado, Arkansas
December 29, 2021

Haiti Education Foundation, Inc.
Statement of Assets, Liabilities and Net Assets – Cash Basis
December 31, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$ 640,530
Temporarily restricted cash	<u>7,584</u>

TOTAL ASSETS	<u><u>648,114</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Payroll taxes payable	<u>420</u>
Total liabilities	<u>420</u>

Net Assets

Without Donor Restrictions	640,110
With Donor Restrictions	<u>7,584</u>

Total net assets	<u>647,694</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 648,114</u></u>
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The accompanying notes are an integral part of these financial statements.

Haiti Education Foundation, Inc.
Statement of Support, Revenue and Expenses – Cash Basis
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Contributions	\$ 565,358	308,045	873,403
Net assets released for satisfaction of purpose restrictions	300,461	(300,461)	-
Total public support, revenues and reclassifications	<u>865,819</u>	<u>7,584</u>	<u>873,403</u>
Operating Expenses			
Program services			
Agency allocations	686,393		686,393
Other	7,088		7,088
Total program expenses	<u>693,481</u>	<u>-</u>	<u>693,481</u>
Supporting services expense			
Management and general	19,229		19,229
Fundraising	24,679		24,679
	<u>43,908</u>	<u>-</u>	<u>43,908</u>
Total expenses	<u>737,389</u>	<u>-</u>	<u>737,389</u>
Operating income (loss)	128,430	7,584	136,014
Non-operating activities:			
Interest and dividend income	29	-	29
Non-operating income (loss)	29	-	29
Change in net assets	128,459	7,584	136,043
Net assets beginning of year	<u>511,651</u>	<u>-</u>	<u>511,651</u>
Net assets end of year	<u>\$ 640,110</u>	<u>\$ 7,584</u>	<u>647,694</u>

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

Haiti Education Foundation, Inc.
Statement of Functional Expenses – Cash Basis
For the Year Ended December 31, 2020

	Program Services	Supporting Services			Total Functional Expenses
		Management & General	Fund Raising	Total	
Salaries	\$ -	14,118	14,943	29,061	29,061
Payroll taxes	-	1,118	1,177	2,295	2,295
Total salaries, benefits and taxes	-	15,236	16,120	31,356	31,356
Scholarships and school funding	686,393	-	-	-	686,393
Legal and accounting	-	2,865	-	2,865	2,865
Postage	-	-	357	357	357
Travel	2,000	-	-	-	2,000
Overhead					
Fees	274	-	-	-	274
Computer expense	-	778	195	973	973
Newsletter	-	-	827	827	827
Office expense	83	350	175	525	608
Postage and freight	-	-	275	275	275
Other	3,264	-	6,730	6,730	9,994
Transfer fees	1,290	-	-	-	1,290
Bank charges	177	-	-	-	177
	<u>\$ 693,481</u>	<u>19,229</u>	<u>24,679</u>	<u>43,908</u>	<u>737,389</u>

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

Haiti Education Foundation, Inc.
Statement of Cash Flows – Cash Basis
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Contributions from donors	873,403
	873,403
Cash paid for:	
Scholarships and educational support	(686,393)
Salaries, employee insurance and payroll taxes	(30,936)
Office operations	(357)
Overhead	(12,951)
Professional fees	(2,865)
Bank Charges/Fees	(1,467)
Travel, conferences and conventions	(2,000)
	(736,969)
Net cash provided (used) by operating activities	136,434

CASH FLOWS FROM INVESTING ACTIVITIES

Dividends and interest from investments	29
Net cash provided (used) by investing activities	29
Increase in cash and cash equivalents	136,463
Cash and cash equivalents, beginning of year	511,651
Cash and cash equivalents, end of year	\$ 648,114

Cash and cash equivalents are included in the following categories in the statement of financial position:

Current assets - Cash and cash equivalents	\$ 640,530
Current assets - Temporarily restricted cash	7,584
	\$ 648,114

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ 136,014
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in payroll taxes payable	420
Net cash provided (used) by operating activities	\$ 136,434

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

Haiti Education Foundation, Inc.
Notes to Financial Statements
December 31, 2020

NOTE 1: PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Haiti Education Foundation, Inc. (“the Foundation”) is a non-profit corporation governed by a Board of Directors (the “Board”). The purpose of the Foundation is to provide funding for the education of children living in the remote mountains of southern Haiti through sponsoring thirty-three elementary schools and three high schools.

Basis of Accounting

The financial statements have been prepared using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains 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.

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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, mutual fund money market accounts and all short-term investments with maturity dates of three months or less.

Compensated Absences

The Foundation has not accrued compensated absences because the amount is considered to be immaterial to the financial statements.

Revenue and Revenue Recognition

The Foundation’s primary source of revenue is from donations received throughout the year.

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest 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.

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with donor stipulations that limit their use are reported as donor-restricted revenue and net assets. When a donor-stipulated time restriction ends or the purpose of the restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received, are reported as support and net assets without donor restriction.

Haiti Education Foundation, Inc.
Notes to Financial Statements
December 31, 2020

NOTE 1: PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct costs of the program or service or on management's analysis of time devoted to the respective activities for costs shared between programs and services.

Income Taxes

The Foundation is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). In addition, the Foundation qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A) and has been classified as an organization other than a private foundation under IRC Section 509(a)(2).

Contributed Services

Contributed services are not recorded due to the lack of specialization of the labor, difficulty of placing a monetary value on them and the absence of control over them. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising.

Subsequent Events

Management has evaluated events through December 29, 2021, the date the financial statements were available to be issued.

NOTE 2: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 640,530
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NOTE 3: CONCENTRATIONS

The Foundation maintains a checking account at a local bank. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 per institution. As of December 31, 2020, uninsured cash balances totaled \$359,740.

NOTE 4: ACCOUNTING FOR UNCERTAIN TAX POSITIONS

Accounting Standards Codification (ASC) Topic 74, Income Taxes, requires an entity to recognize a liability for taxes to the extent of any unrelated business income as defined by IRS Regulations. The Foundation is liable for income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Foundation believes it had no unrelated business income in 2020 and that it is more likely than not that this position would be sustained upon examination.

Additionally, no tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions at December 31, 2020. The organization is generally no longer subject to examination by the Internal Revenue Service for the fiscal years before 2017.

Haiti Education Foundation, Inc.
Notes to Financial Statements
December 31, 2020

NOTE 5: DONOR RESTRICTED NET ASSETS

At December 31, 2020, the Foundation had \$7,584 of funds designated by donors for special projects.

NOTE 6: SUBSEQUENT EVENTS

The Foundation's operations may be affected by the ongoing outbreak of coronavirus disease (COVID-19) and its variants. The ultimate disruption caused by the coronavirus is uncertain; however, it may result in a material adverse impact on the Foundation's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Foundation's operations and revenues and absenteeism in the Foundation's workforce.