

Independent Auditor's Report and Financial Statements

HAITI EDUCATION FOUNDATION, INC.

For the year ended DECEMBER 31, 2022

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PARKS & COMPANY PLC

A PROFESSIONAL LIMITED COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

441 NORTH WASHINGTON AVENUE
EL DORADO, AR 71730
(870) 862-3401
FAX (870) 862-0936

MEMBER
AMERICAN INSTITUTE OF CPAS

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ARKANSAS SOCIETY OF CPAS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haiti Education Foundation, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Haiti Education Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 Haiti Education Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 our 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 generally accepted auditing standards 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- 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 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 Haiti Education Foundation, Inc.'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Haiti Education Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Parks & Company PLC

El Dorado, Arkansas
December 7, 2023

Haiti Education Foundation, Inc.
Statement of Assets, Liabilities and Net Assets – Cash Basis
December 31, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,233,284
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TOTAL ASSETS	<u>1,233,284</u>
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LIABILITIES AND NET ASSETS

Liabilities

Payroll taxes payable	372
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Total liabilities	<u>372</u>
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Net Assets

Without donor restrictions	1,232,912
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With donor restrictions	<u>-</u>
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Total net assets	<u>1,232,912</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,233,284</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Contributions	\$ 1,109,412	-	1,109,412
Total public support, revenues and reclassifications	<u>1,109,412</u>	<u>-</u>	<u>1,109,412</u>
Operating expenses			
Program services			
Scholarships	504,274		504,274
School construction	176,397		176,397
Other construction & relief	218,486		218,486
Other	3,548		3,548
Total program expenses	<u>902,705</u>	<u>-</u>	<u>902,705</u>
Supporting services expense			
Management and general	34,121		34,121
Fundraising	26,569		26,569
	<u>60,690</u>	<u>-</u>	<u>60,690</u>
Total expenses	<u>963,395</u>	<u>-</u>	<u>963,395</u>
Operating income (loss)	146,017	-	146,017
Non-operating activities:			
Interest and dividend income	640	-	640
Non-operating income (loss)	<u>640</u>	<u>-</u>	<u>640</u>
Change in net assets	146,657	-	146,657
Net assets beginning of year	<u>1,086,255</u>	<u>-</u>	<u>1,086,255</u>
Net assets end of year	<u>\$ 1,232,912</u>	<u>\$ -</u>	<u>1,232,912</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, 2022

	Program Services	Supporting Services			Total Functional Expenses
		Management & General	Fund Raising	Total	
Salaries	\$ -	14,118	14,943	29,061	29,061
Payroll taxes	-	755	1,081	1,836	1,836
Total salaries, benefits and taxes	-	14,873	16,024	30,897	30,897
Scholarships and school funding	899,157	-	-	-	899,157
Legal and accounting	-	11,814	-	11,814	11,814
Postage and delivery	-	-	1,444	1,444	1,444
Overhead					
Fees	975	-	-	-	975
Website expense	-	-	454	454	454
Computer expense	-	3,882	971	4,853	4,853
Advertising and promotion	-	-	4,146	4,146	4,146
Occupancy	600	-	-	-	600
Office expense	-	3,552	3,530	7,082	7,082
Transfer fees	1,185	-	-	-	1,185
Bank charges	788	-	-	-	788
	<u>\$ 902,705</u>	<u>34,121</u>	<u>26,569</u>	<u>60,690</u>	<u>963,395</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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Contributions from donors	<u>\$ 1,109,412</u>
Cash paid for:	
Scholarships and educational support	(899,157)
Salaries, employee insurance and payroll taxes	(30,897)
Postage and delivery	(1,444)
Overhead	(18,127)
Professional fees	(11,814)
Bank Charges/Fees	<u>(1,973)</u>
	<u>(963,412)</u>
Net cash provided (used) by operating activities	<u>146,000</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Dividends and interest from investments	<u>640</u>
Net cash provided (used) by investing activities	<u>640</u>
Increase in cash and cash equivalents	146,640
Cash and cash equivalents, beginning of year	<u>1,086,644</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,233,284</u></u>

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

Current assets - Cash and cash equivalents	<u><u>\$ 1,233,284</u></u>
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ 146,017
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in payroll taxes payable	(17)
Net cash provided (used) by operating activities	<u><u>\$ 146,000</u></u>

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

Haiti Education Foundation, Inc.
Notes to Financial Statements
December 31, 2022

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-four elementary schools and six 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.

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).

Haiti Education Foundation, Inc.
Notes to Financial Statements
December 31, 2022

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

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 7, 2023, 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	\$ 1,233,284
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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, 2022, uninsured cash balances totaled \$983,284.

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 2022 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, 2022. The organization is generally no longer subject to examination by the Internal Revenue Service for the fiscal years before 2019.

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MEMBER
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ARKANSAS SOCIETY OF CPAS

December 7, 2023

Parks & Company PLC
441 North Washington Ave
El Dorado, AR 71730

This representation letter is provided in connection with your audit of the financial statements of Haiti Education Foundation, which comprise the statement(s) of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 7, 2023, the following representations made to you during your audit.

Financial Statements

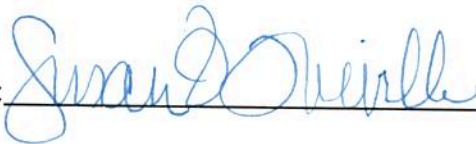
- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 20, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting.
- 2) The financial statements referred to above are fairly presented in conformity with the cash basis of accounting.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with the cash basis of accounting.
- 6) All events subsequent to the date of the financial statements and for which the cash basis of accounting requires adjustment or disclosure have been adjusted or disclosed.
- 7) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with the cash basis of accounting.
- 8) Material concentrations have been appropriately disclosed in accordance with the cash basis of accounting.

Information Provided

- 9) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.

- c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 10) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
 - 11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - 12) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
 - 13) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
 - 14) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
 - 15) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
 - 16) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.
 - 17) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
 - 18) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
 - 19) Haiti Education Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up to date.
 - 20) We acknowledge our responsibility for presenting the schedule of expenditures of federal funds in accordance with the cash basis of accounting, and we believe the schedule, including its form and content, is fairly presented in accordance with the cash basis of accounting. The methods of measurement and presentation of the schedule have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signature: _____



Title: _____

2-8-24

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EL DORADO, AR 71730
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December 7, 2023

Board of Directors
Haiti Education Foundation, Inc.
P.O. Box 10775
El Dorado, AR 71730

We have audited the financial statements of Haiti Education Foundation, Inc for the year ended December 31, 2022, and we will issue our report thereon dated December 7, 2023. Professional standards require that we provide you with information about our responsibilities under the cash basis of accounting (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Haiti Education Foundation, Inc are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of Liquidity and Availability in Note 2 to the financial statements

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 7, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to

determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

This information is intended solely for the use the Board of Directors and Management of Haiti Education Foundation, Inc and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Parks & Company PLC

Parks & Company, PLC