

*Halloran & Associates LLC*  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Haitian Health Foundation, Inc.  
Norwich, Connecticut

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Haitian Health Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2017, and the related statements of activities, functional expenses and cash flows 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 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 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 financial position of The Haitian Health Foundation, Inc. as of July 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited The Haitian Health Foundation, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Charles J. Halloran, CPA  
Halloran & Associates LLC

Groton, Connecticut  
March 21, 2018

The Haitian Health Foundation, Inc.  
 Statements of Financial Position  
 As of July 31,

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 ASSETS  
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	2017 -----	2016 -----
<b>CURRENT ASSETS:</b>		
Cash and equivalents	\$ 1,207,048	\$ 791,788
Investments (Note 3)	42,666,233	36,073,559
Accounts and grants receivable	11,445	90,841
Prepaid expenses and other current assets	30,669	19,244
<b>TOTAL CURRENT ASSETS</b>	<u>43,915,395</u>	<u>36,975,432</u>
<b>OTHER ASSETS:</b>		
Property and equipment (Note 4)	<u>2,518,693</u>	<u>2,217,845</u>
<b>TOTAL OTHER ASSETS</b>	<u>2,518,693</u>	<u>2,217,845</u>
<b>TOTAL ASSETS</b>	<u>\$ 46,434,088</u>	<u>\$ 39,193,277</u>
 <b>LIABILITIES AND NET ASSETS</b> -----		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 92,547	\$ 69,344
Deferred income	<u>    --</u>	<u>    --</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>92,547</u>	<u>69,344</u>
<b>OTHER LIABILITIES:</b>		
<b>TOTAL LIABILITIES</b>	<u>    --</u>	<u>    --</u>
<b>NET ASSETS:</b>		
Unrestricted:		
Board designated	14,200,000	14,200,000
Undesignated	29,767,236	22,467,290
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<u>43,967,236</u>	<u>36,667,290</u>
Temporarily restricted	<u>2,374,305</u>	<u>2,456,643</u>
<b>TOTAL NET ASSETS</b>	<u>46,341,541</u>	<u>39,123,933</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 46,434,088</u>	<u>\$ 39,193,277</u>

The accompanying notes to financial statements are an integral part hereof.

The Haitian Health Foundation, Inc.  
 Statements of Activities  
 For the Years Ended July 31,  
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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>REVENUE AND SUPPORT:</b>					
Unrealized and realized gains (losses), net	\$ 4,798,676	--	--	\$ 4,798,676	\$ 1,224,965
Grants and contracts	366,870	759,277	--	1,126,147	425,745
In-kind donations	6,647,409	--	--	6,647,409	834,805
Investment income	1,260,914	--	--	1,260,914	860,461
Contributions	2,339,665	1,558,299	--	3,897,964	2,512,354
In-kind professional services	333,148	--	--	333,148	565,836
Other income including special events	84,246	--	--	84,246	157,661
Other program income	83,954	--	--	83,954	77,740
Net assets released from program restrictions	2,399,915	(2,399,914)	--	--	--
<b>TOTAL REVENUE AND SUPPORT</b>	<u>18,314,797</u>	<u>(82,338)</u>	<u>--</u>	<u>18,232,458</u>	<u>6,659,567</u>
<b>EXPENSES:</b>					
<b>Program Services:</b>					
Healthcare	4,910,387	--	--	4,910,387	2,757,766
Education	451,308	--	--	451,308	609,438
Community development	1,446,672	--	--	1,446,672	1,028,107
Disaster relief	3,749,168	--	--	3,749,168	--
<b>TOTAL PROGRAM SERVICES</b>	<u>10,557,535</u>	<u>--</u>	<u>--</u>	<u>10,557,535</u>	<u>4,395,311</u>
<b>Supporting Services:</b>					
Management and general	203,852	--	--	203,852	240,868
Fundraising	253,464	--	--	253,464	254,707
<b>TOTAL SUPPORTING SERVICES</b>	<u>457,316</u>	<u>--</u>	<u>--</u>	<u>457,316</u>	<u>495,575</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>11,014,851</u>	<u>--</u>	<u>--</u>	<u>11,014,851</u>	<u>4,890,886</u>
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)</b>	<b>7,299,946</b>	<b>(82,338)</b>	<b>--</b>	<b>7,217,608</b>	<b>1,768,681</b>
<b>NET ASSETS - BEGINNING OF OF YEAR</b>	<u>36,667,290</u>	<u>2,456,643</u>	<u>--</u>	<u>39,123,933</u>	<u>37,355,252</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 43,967,236</u>	<u>2,374,305</u>	<u>--</u>	<u>\$ 46,341,541</u>	<u>\$ 39,123,933</u>

The accompanying notes to the financial statements are an integral part hereof.

The Haitian Health Foundation, Inc.  
Statement of Functional Expenses  
For the Years Ended July 31,

	Program Services					Supporting Services			2017	2016
	Healthcare	Education	Community Development	Disaster Relief	Total Program Services	Management and General	Fundraising	Total Support Services	Total	Total
<b>EXPENSES:</b>										
Salaries and wages	\$ 784,365	\$ 75,840	\$ 132,348	\$ 81,116	\$ 1,073,669	\$ 82,128	\$ 116,215	\$ 198,343	\$ 1,272,012	\$ 1,173,617
Payroll taxes	15,437	3,544	4,585	--	23,566	5,654	9,828	15,482	39,048	40,413
Employee benefits	3,738	2,025	1,566	27,182	34,511	3,086	3,413	6,499	41,010	59,305
Other payroll	3,296	3,198	1,599	--	8,093	1,599	1,141	2,740	10,833	10,743
Relief shipments	4,045	--	8,789	105,768	118,602	--	--	--	118,602	51,400
Direct assistance	4,854	--	5,252	54,860	64,966	--	--	--	64,966	30,228
Medical care and supplies	2,430,040	--	--	2,293,892	4,723,932	--	--	--	4,723,932	773,861
Dental clinic	2,780	--	--	--	2,780	--	--	--	2,780	3,265
Food and nutrition	1,036,235	--	--	546,876	1,583,111	--	--	--	1,583,111	387,810
Home construction	--	--	25,033	286,662	311,695	--	--	--	311,695	165,339
Goat program	--	--	100,655	--	100,655	--	--	--	100,655	48,117
Latrines	--	--	2,316	--	2,316	--	--	--	2,316	12,905
Community development	--	--	924,163	--	924,163	--	--	--	924,163	87,724
Education - tuition	--	192,221	--	--	192,221	--	--	--	192,221	300,566
Education - other	--	101,606	--	294	101,900	--	--	--	101,900	206,699
Utilities	7,396	683	1,210	4,156	13,445	756	1,045	1,801	15,246	12,001
Telephone	7,610	633	1,121	2,540	11,904	763	968	1,731	13,635	12,551
Fuel	28,891	1,428	2,533	7,304	40,156	--	--	--	40,156	39,803
Travel and transportation	47,462	3,845	6,834	5,354	63,495	4,131	6,755	10,886	74,381	67,443
Vehicles	22,903	1,871	3,318	93,753	121,845	2,254	485	2,739	124,584	83,079
Office supplies	20,912	1,154	2,044	2,620	26,730	2,366	1,871	4,237	30,967	36,362
Insurance	12,904	1,223	2,167	--	16,294	5,657	1,871	7,528	23,822	25,834
Dues and subscriptions	--	--	119	--	119	1,042	1,461	2,503	2,622	2,586
Professional fees	12,285	6,595	4,855	4,378	28,113	21,753	450	22,203	50,316	58,481
Printing	4,411	418	741	--	5,570	395	21,506	21,901	27,471	26,621
Repairs and maintenance	85,293	6,802	11,596	152,932	256,623	12,380	3,573	15,953	272,576	160,526
Energy related equipment	2,829	268	475	326	3,898	--	--	--	3,898	1,734
Solar equipment	17,200	--	--	3,600	20,800	--	--	--	20,800	4,564
Security	21,070	1,995	3,538	64,950	91,553	--	--	--	91,553	2,627
Computer	5,683	538	954	--	7,175	4,734	13,874	18,608	25,783	26,937
Fundraising	--	--	--	68	68	767	19,100	19,867	19,935	25,327
Advertising	--	--	--	--	--	90	9,068	9,158	9,158	7,107
Bank fees	2,485	235	417	--	3,137	1,012	3,985	4,997	8,134	4,019
Investment fees	131,211	18,744	37,489	--	187,444	33,078	--	33,078	220,522	252,664
Depreciation	81,043	15,905	15,905	--	112,853	19,915	--	19,915	132,768	128,147
In-kind professional services	114,009	10,537	145,050	10,537	280,133	16,160	36,855	53,015	333,148	565,836
Remeasurement adjustment	--	--	--	--	--	(15,868)	--	(15,868)	(15,868)	(5,355)
<b>TOTAL EXPENSES</b>	<b>\$ 4,910,387</b>	<b>\$ 451,308</b>	<b>\$ 1,446,672</b>	<b>\$ 3,749,168</b>	<b>\$ 10,557,535</b>	<b>\$ 203,852</b>	<b>\$ 253,464</b>	<b>\$ 457,316</b>	<b>\$ 11,014,851</b>	<b>\$ 4,890,886</b>

The accompanying notes to financial statements are an integral part hereof.

The Haitian Health Foundation, Inc.  
 Statements of Cash Flows  
 For the Years Ended July 31,  
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	2017 -----	2016 -----
<b>CASH FLOWS FROM OPERATING EXPENSES:</b>		
Increase in Net Assets	\$ 7,217,608	\$ 1,768,681
Adjustments to reconcile Increase in Net Assets to net cash provided by operating activities:		
Depreciation and amortization	132,768	128,147
Net realized and unrealized (gains) losses on investments	(4,798,676)	(1,224,965)
In-kind capital contributions	(28,675)	--
Remeasurement adjustment	(15,868)	(5,355)
Decrease (increase) in accounts and grants receivable	79,396	(872)
Increase in prepaid expenses and other assets	(11,425)	(5,311)
Increase in accounts payable and accrued expenses	23,203	22,348
Decrease in deferred income	--	(136,857)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2,598,331</u>	<u>545,816</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(404,942)	(91,995)
Sales (purchases) of investments, net	<u>(1,778,129)</u>	<u>(880,538)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(2,183,071)</u>	<u>(972,533)</u>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	415,260	(426,717)
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<u>791,788</u>	<u>1,218,505</u>
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,207,048</u>	<u>\$ 791,788</u>

The accompanying notes to the financial statements are an integral part hereof.

The Haitian Health Foundation, Inc.  
Notes to Financial Statements  
July 31, 2017  
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1. **ACCOUNTING POLICIES**

***Nature of Operations***

The Haitian Health Foundation, Inc. (“HHF” or “Foundation”) is a nonprofit, health and human services organization which provides primary health care and dental care services, including community health education and prevention services, in remote mountainous villages; primary and secondary education; community development interventions, such as building houses and sanitation systems, distributing goats and fruit trees; and, in the event of natural and/or man-made disasters, providing emergency relief. Substantially all of HHF’s income is derived from private donations from individuals, foundations, and charitable organizations. Government support includes a community health education and outreach to mountainous, rural villages.

***Basis of Presentation***

The Foundation prepares its financial statements on the accrual basis of accounting. The Foundation follows accounting for the not-for-profit organizations as outlined in professional standards. The Foundation 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. The Foundation records restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

***Use of Estimates***

The Preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Cash Equivalents and Concentration of Credit Risk***

Cash equivalents include short-term investments with original maturities of less than ninety days that have not been restricted by the donor for long-term purposes. The Foundation had cash equivalents for the years July 31, 2017 and 2016 of \$ -0- and \$ -0- respectively which consisted of money market accounts.

***Investments***

Investments consist of various equities and debt obligations which are carried at fair value. Fair value is determined based on quoted market price as discussed in Note 9. Donated investments are reflected as contributions at their market values at the date of receipt. Unrealized gains and losses are included in the change in net assets.

***Property and Equipment***

Property and equipment are depreciated using the straight-line method for financial reporting purposes over their estimated useful lives. Assets having a useful life of more than one year and a cost in excess of \$ 5,000 are capitalized and valued at cost or fair market value, if received through donations. Maintenance, repairs and minor renewals are charged to operations as incurred. The Foundation uses the direct expense method for any planned major maintenance activities.

Depreciation expense for the years ended July 31, 2017 and 2016 was \$ 132,768 and \$ 128,147 respectively.

**1. ACCOUNTING POLICIES (cont.)**

***Grants and Contracts***

Grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities. Entitlement to cost reimbursement grants and contracts is based on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures. Entitlement to performance based grants and contracts are based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved.

The Foundation also provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates.

***Contributions***

Contributions are defined as voluntary, nonreciprocal transfers. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unrestricted contributions, and contributions that are restricted by the donor, for which the restriction expires in the year in which the contributions are recognized, are reported as increases in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restriction. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

***Donated Assets and Services***

The Foundation reports gifts of real property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions in full when the donated or acquired long-lived assets are placed in service.

The Foundation recognizes donated services at their estimated fair market value if they create or enhance non-financial assets or require special skills and would typically be purchased if not provided by donation.

***Functional Expenses***

The costs of providing various programs and activities have been summarized on a functional basis in the accompanying statements and activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Income Taxes***

The Foundation has received exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). Management has reviewed the Foundation's reporting and believes they have not taken tax positions that are more likely than not to be determined to be incorrect by the Internal Revenue Service and therefore no adjustments or disclosures are required. The Foundation's returns for 2016, 2015, and 2014 are generally subject to examination for three years after they were filed.



The Haitian Health Foundation, Inc.  
Notes to Financial Statements  
July 31, 2017  
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1. **ACCOUNTING POLICIES (cont.)**

***Subsequent Events***

Subsequent events have been evaluated through March 21, 2018, which is the date the financial statements were available to be issued.

2. **CONCENTRATIONS AND CREDIT RISKS**

Financial Instruments, which subject the Foundation to concentrations of credit risk, consist primarily of cash and cash equivalents, investments, and receivables:

***Cash and Equivalents***

Cash equivalents consist of regular bank checking and savings accounts with immediate liquidity. The carrying value of amounts reflected as cash equivalents equaled \$ 1,207,048 and \$ 791,788 as of July 31, 2017 and 2016 and the bank balances equaled \$ 1,229,745 and \$ 1,318,187, respectively. As of July 31, 2017 and 2016, amounts of \$ 971,696 and \$ 1,062,462, respectively were not covered by the FDIC insurance limits in effect as of those dates.

***Investments***

Investments are considered by management to be sufficiently diversified to minimize investment and industry concentration risks. However, investments are subject to risks of the securities markets as a whole.

***Receivables***

Accounts and grants receivable are evidenced by contracts with various third parties and, based on historical experience management believes there is negligible credit risk associated with these receivables. Accordingly, management has not established an allowance for doubtful accounts.

***International Considerations***

Transactions between the Foundation's operations in the United States and in its clinic in Haiti are subject to exchange risk. Assets held in Haitian gourdes are remeasured at the time of transfer to the Haitian operations and again at July 31, 2017 and 2016. The net remeasurement adjustment for the year ended July 31, 2017 and 2016 was \$ 15,868 and \$ 5,355, respectively.

Substantially all of the Foundation's programs are conducted in Haiti and are therefore contingent on the ability to operate without undue influence from political, social and economic condition present in that country.

3. **INVESTMENTS**

Investments consist of the following as of July 31:

	<u>2017</u>	<u>2016</u>
Money Market Funds	\$ 3,865,103	\$ 4,615,503
Equities	<u>38,801,130</u>	<u>31,458,056</u>
Total Investments	<u>\$ 42,666,233</u>	<u>\$ 36,073,559</u>

The Foundation's investments are valued using the level one hierarchy as described in Note 9.

The Haitian Health Foundation, Inc.  
Notes to Financial Statements  
July 31, 2017  
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**3. INVESTMENTS (cont.)**

Cumulative unrealized gains on investments at July 31, 2017 and 2016 amounted to \$ 12,891,306 and \$ 8,606,588, respectively. Expenses relating to investment revenues for the years ended July 31, 2017 and 2016, including investment advisory fees amounted to \$ 220,523 and \$ 252,664, respectively.

**4. PROPERTY AND EQUIPMENT**

Property and Equipment consists of the following at July 31:

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 254,127	\$ 254,127
Buildings and improvements	4,083,578	3,814,497
Vehicles	933,371	774,571
Furniture and equipment	<u>369,352</u>	<u>368,661</u>
Total Property and Equipment	5,640,428	5,211,856
Less, accumulated depreciation	<u>3,121,735</u>	<u>2,994,011</u>
Property and equipment, net	<u>\$ 2,518,693</u>	<u>\$ 2,217,845</u>

**5. EMPLOYEE BENEFIT PLANS**

The Foundation maintains a voluntary Simple IRA plan for full-time employees in CT. The Foundation also strictly adheres to all of the government's regulations for employees located in Haiti, including vacation, sick and maternity leave, as well as payments towards the Haitian equivalent of workman's compensation and social security benefits. The Foundation's contribution to the plan was \$ 3,450 and \$ 3,214 for the years ended July 31, 2017 and 2016, respectively.

**6. FUNCTIONAL EXPENSE ALLOCATIONS**

The Foundation functions on a substantially small overhead. In Haiti, HHF employs approximately 180 Haitian nationals (representing 99% of the staff) which comprises all professional staff including doctors, nurses, maintenance, clerical and housekeeping. Management believes it would not be practical to assess the actual value in US dollars of these positions since the typical analysis of computing a percentage of general and administrative dollars is not practical due to its foreign operations.

The Haitian Health Foundation, Inc.  
Notes to Financial Statements  
July 31, 2017  
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**7. BOARD DESIGNATED NET ASSETS**

Board designated net assets consist of amounts reserved by the Board of Directors to fund future projects, to provide emergency cash flow, to protect against loss of funding by donors, and deterioration and obsolescence of fixed assets. The designation is reviewed and adjusted annually to reflect activities that have occurred during the year.

Specific designations at July 31, 2017, consist of the following:

Potential loss of government funding	\$ 4,000,000
Reserve for future natural disasters	3,000,000
Construction and maintenance of solar powered electric grid	2,000,000
Installation and maintenance of website and related needs	2,000,000
Maintenance and renovation of clinic and maternal home	1,000,000
Costs of services for five years by founder and Save A Family coordinator formerly provided by volunteers	700,000
Purchase of medical and dental equipment	500,000
Cost of five year plan of administration in Haiti formerly provided at a nominal cost by a religious order	500,000
Replacement of ambulance and other vehicles	250,000
Replacement of food supply	250,000
	<u>\$ 14,200,000</u>

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at July 31:

	<u>2017</u>	<u>2016</u>
Center of Hope	\$ --	\$ 180,662
Disaster Relief	1,176,710	1,151,628
Happy Houses and Latrines	684,396	528,256
Goats	78,345	291,623
Save A Family	181,768	91,168
Other programs	<u>253,086</u>	<u>213,306</u>
	<u>\$ 2,374,305</u>	<u>\$ 2,456,643</u>

Net assets were released from donor restrictions during the years ended July 31, 2017 and 2016 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

## 9. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

**Level 1:**

Inputs to the value methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

**Level 2:**

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

**Level 3:**

Inputs to the value methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2017 and 2016.

**Money market funds:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Publicly traded capital stock:** Valued at the quoted value of shares held at year end.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Haitian Health Foundation, Inc.  
Notes to Financial Statements  
July 31, 2017  
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**9. FAIR VALUE MEASUREMENTS (cont.)**

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of July 31, 2017 and 2016:

<b>Assets at Fair Value as of July 31, 2017</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money Market Funds	\$ 3,865,103	\$ --	\$ --	\$ 3,865,103
Publicly Traded Capital Stock	38,801,130	--	--	38,801,130
<b>Total assets at fair value</b>	<b>\$ 42,666,233</b>	<b>--</b>	<b>--</b>	<b>\$ 42,666,233</b>

<b>Assets at Fair Value as of July 31, 2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money Market Funds	\$ 4,615,503	\$ --	\$ --	\$ 4,615,503
Publicly Traded Capital Stock	31,458,056	--	--	31,458,056
<b>Total assets at fair value</b>	<b>\$ 36,073,559</b>	<b>--</b>	<b>--</b>	<b>\$ 36,073,559</b>

There were no transfers between levels of investments during the years ended July 31, 2017 and 2016.

## **10. RELATED PARTY TRANSACTIONS**

The Foundation has policies and procedures in place that assist the Board of Directors in order to identify, disclose and evaluate transactions with directors and key employees. The Foundation has concluded that these transactions are the equivalent of arms-length transactions and meet its business needs.

A member of the Board of Directors of the Foundation is the former President of Andover Equity Associates (“Andover”) that merged with UBS Financial Services, Inc. (“UBS”) in October, 2016 and is currently a Senior Vice President-Wealth Management and Senior Portfolio Manager in the Portfolio Management Program at UBS which acts as investment manager for funds that were previously held affiliated with Charles Schwab & Company (“Schwab”). At the beginning of October, 2016, all of the Foundation’s funds were moved from Schwab to UBS. At July 31, 2017 and 2016, the Foundation had \$ 42,666,233 and \$ 36,073,559, respectively, of cash and investments in brokerage accounts at UBS and Schwab. Investment fees paid to Andover were \$ 65,392 for Schwab and \$ 155,130 for UBS for the year ended July 31, 2017, and \$ 252,664 for Schwab for the year ended July 31, 2016.

The Foundation receives monetary and in-kind donations from individuals, businesses and various foundations throughout the year. During the year ended July 31, 2017 and 2016 the President and the Director of the Save a Family Program also volunteer their services. These amounts are included in contributed services for the years ended July 31, 2017 and 2016.

## **11. EXTRAORDINARY EVENT - HURRICANE MATTHEW**

In October 2016, Hurricane Matthew devastated southwestern Haiti and caused significant damage to HHF’s catchment area, including all of HHF’s buildings, in Jeremie and outlying villages. During the days and weeks following the storm, the Organization operated field clinics to serve the Haitian population in need. While additional repairs to the facility and buildings are required, the Organization remains able to carry out its main purposes. Despite the damages, the Organization was able to repair the facilities and the main functions in Jeremie remained fully operational – the main facilities providing services within 3 days of the storm.

## **12. IN-KIND DONATIONS**

In previous years, the majority of the in-kind donations received were provided to the Norwich, Connecticut office and then shipped to HHF Jeremie. After the devastation caused by Hurricane Matthew, there was much humanitarian support, resulting in a dramatic increase in the amount of in-kind donations provided directly to Haiti – including food, medicine, medical supplies, etc.