



Changing Lives - One Person at a Time

**Haitian Health Foundation, Inc.**

**Financial Statements  
(Together with Independent Auditors' Report)**

**July 31, 2018 and 2017**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**HAITIAN HEALTH FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**JULY 31, 2018 AND 2017**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Haitian Health Foundation, Inc.

We have audited the accompanying financial statements of Haitian Health Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of July 31, 2018, 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.

### ***Auditors' 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 Haitian Health Foundation, Inc. as of July 31, 2018, 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.

### ***Prior Period Financial Statements***

The financial statements of the Foundation as of and for the year ended July 31, 2017, were audited by other auditors whose report dated March 21, 2018 expressed an unmodified opinion on those statements.

*Marks Paneth LLP*

New York, NY  
April 29, 2019

**HAITIAN HEALTH FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS OF JULY 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 9A)	\$ 1,790,670	\$ 1,207,048
Investments (Notes 2D, 2E and 3)	48,599,907	42,666,233
Accounts and grants receivable (Note 2F)	121,621	11,445
Prepaid expenses and other assets	37,789	30,669
Property and equipment, net (Notes 2G and 4)	2,711,137	2,518,693
<b>TOTAL ASSETS</b>	<b>\$ 53,261,124</b>	<b>\$ 46,434,088</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 265,566	\$ 92,547
<b>TOTAL LIABILITIES</b>	265,566	92,547
<b>CONTINGENCIES</b> (Note 5)		
<b>NET ASSETS</b> (Note 2C)		
Unrestricted		
Undesignated	34,537,290	29,767,236
Board designated (Note 6B)	16,450,000	14,200,000
Total unrestricted	50,987,290	43,967,236
Temporarily restricted (Note 6A)	2,008,268	2,374,305
<b>TOTAL NET ASSETS</b>	52,995,558	46,341,541
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 53,261,124</b>	<b>\$ 46,434,088</b>

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

**HAITIAN HEALTH FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JULY 31, 2018 AND 2017**

	Year Ended July 31, 2018			Year Ended July 31, 2017		
	Unrestricted	Temporarily Restricted	Total 2018	Unrestricted	Temporarily Restricted	Total 2017
<b>SUPPORT AND REVENUE:</b>						
Grants and contracts (Note 2H)	\$ 1,441,418	\$ 125,000	\$ 1,566,418	\$ 366,870	\$ 759,277	\$ 1,126,147
Contributions (Note 2I)	1,748,684	834,051	2,582,735	2,339,665	1,558,300	3,897,965
In-kind donations (Note 2J)	355,844	-	355,844	6,647,409	-	6,647,409
In-kind professional services (Notes 2J and 8)	307,237	-	307,237	333,148	-	333,148
Investment activity, net (Notes 3 and 8)	6,655,609	-	6,655,609	5,839,068	-	5,839,068
Remeasurement adjustment (Note 9B)	6,657	-	6,657	15,868	-	15,868
Other income, including special events	150,490	-	150,490	84,246	-	84,246
Other program income	114,640	-	114,640	83,954	-	83,954
Net assets released from restrictions	1,325,088	(1,325,088)	-	2,399,915	(2,399,915)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>12,105,667</u>	<u>(366,037)</u>	<u>11,739,630</u>	<u>18,110,143</u>	<u>(82,338)</u>	<u>18,027,805</u>
<b>EXPENSES (Note 2K):</b>						
<b>Program Services:</b>						
Healthcare	2,415,919	-	2,415,919	4,779,176	-	4,779,176
Education	513,956	-	513,956	432,564	-	432,564
Community development	1,067,411	-	1,067,411	1,409,183	-	1,409,183
Disaster relief	-	-	-	3,749,168	-	3,749,168
Technical assistance	511,095	-	511,095	-	-	-
	<u>4,508,381</u>	<u>-</u>	<u>4,508,381</u>	<u>10,370,091</u>	<u>-</u>	<u>10,370,091</u>
<b>Supporting Services:</b>						
Management and general	286,530	-	286,530	186,642	-	186,642
Fundraising	290,702	-	290,702	253,464	-	253,464
	<u>577,232</u>	<u>-</u>	<u>577,232</u>	<u>440,106</u>	<u>-</u>	<u>440,106</u>
<b>TOTAL EXPENSES</b>	<u>5,085,613</u>	<u>-</u>	<u>5,085,613</u>	<u>10,810,197</u>	<u>-</u>	<u>10,810,197</u>
<b>CHANGE IN NET ASSETS</b>	7,020,054	(366,037)	6,654,017	7,299,946	(82,338)	7,217,608
Net assets - Beginning of year	43,967,236	2,374,305	46,341,541	36,667,290	2,456,643	39,123,933
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 50,987,290</u>	<u>\$ 2,008,268</u>	<u>\$ 52,995,558</u>	<u>\$ 43,967,236</u>	<u>\$ 2,374,305</u>	<u>\$ 46,341,541</u>

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

**HAITIAN HEALTH FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JULY 31, 2018**  
**(With Comparative Totals for 2017)**

	For the Year Ended July 31, 2018									
	Program Services					Supporting Services				
	Healthcare	Education	Community Development	Technical Assistance	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2018	Total 2017
Salaries	\$ 827,396	\$ 73,393	\$ 144,447	\$ 295,445	\$ 1,340,681	\$ 90,009	\$ 132,214	\$ 222,223	\$ 1,562,904	\$ 1,272,012
Payroll taxes and employee benefits (Note 7)	32,157	13,724	14,814	23,299	83,994	15,018	17,397	32,415	116,409	90,891
<b>Total Salaries and Related Costs</b>	<b>859,553</b>	<b>87,117</b>	<b>159,261</b>	<b>318,744</b>	<b>1,424,675</b>	<b>105,027</b>	<b>149,611</b>	<b>254,638</b>	<b>1,679,313</b>	<b>1,362,903</b>
Relief shipments	42,153	-	28,444	-	70,597	-	-	-	70,597	118,602
Direct assistance	53,743	-	23,160	-	76,903	-	-	-	76,903	64,966
Medical and dental care and supplies	243,348	-	31	4,531	247,910	-	-	-	247,910	231,640
Food and nutrition	272,713	1,784	9,944	-	284,441	-	-	-	284,441	452,150
Home and latrine construction	-	-	361,909	-	361,909	-	-	-	361,909	314,011
Goat program	-	-	58,630	-	58,630	-	-	-	58,630	100,655
Community development	-	-	6,022	-	6,022	-	-	-	6,022	5,917
Education - tuition	473	238,424	-	-	238,897	-	-	-	238,897	192,221
Education - other	621	114,143	1,250	-	116,014	-	-	-	116,014	101,900
Rent and utilities	9,231	1,796	2,137	22,016	35,180	2,741	2,217	4,958	40,138	15,246
Telephone	5,476	1,032	8,331	1,489	16,328	1,152	1,431	2,583	18,911	13,635
Fuel	31,740	403	1,019	4,061	37,223	-	-	-	37,223	40,156
Travel and transportation	74,752	8,391	11,476	60,566	155,185	15,072	889	15,961	171,146	74,381
Vehicles	154,395	10,526	22,696	6,166	193,783	8,731	-	8,731	202,514	124,584
Office supplies and expenses	32,773	346	2,441	28,884	64,444	8,180	7,951	16,131	80,575	50,902
Insurance	4,493	3,369	2,621	-	10,483	7,698	4,493	12,191	22,674	23,822
Dues and subscriptions	32	-	-	-	32	1,017	779	1,796	1,828	2,622
Professional fees	31,399	10,403	7,919	8,284	58,005	41,273	20,125	61,398	119,403	50,316
Printing	-	-	3,924	216	4,140	1,104	27,835	28,939	33,079	27,471
Repairs and maintenance	76,512	4,585	65,855	13,103	160,055	21,716	-	21,716	181,771	212,850
Energy related equipment	6,795	-	3,555	-	10,350	-	-	-	10,350	3,898
Solar equipment	731	-	1,062	-	1,793	-	-	-	1,793	20,800
Security	77,783	3,146	6,125	37,469	124,523	-	-	-	124,523	91,553
Computer	6,603	1,184	2,751	4,461	14,999	3,470	17,983	21,453	36,452	25,783
Advertising	-	-	-	180	180	1,639	7,753	9,392	9,572	9,158
Credit card and bank fees	2,644	131	353	925	4,053	725	12,507	13,232	17,285	8,134
Depreciation (Note 4)	102,732	14,676	29,352	-	146,760	25,899	-	25,899	172,659	132,768
In-kind professional services (Notes 2J and 8)	112,500	12,500	104,023	-	229,023	41,086	37,128	78,214	307,237	333,148
In-kind expenses (Note 2J)	212,724	-	143,120	-	355,844	-	-	-	355,844	6,604,005
<b>TOTAL EXPENSES</b>	<b>\$ 2,415,919</b>	<b>\$ 513,956</b>	<b>\$ 1,067,411</b>	<b>\$ 511,095</b>	<b>\$ 4,508,381</b>	<b>\$ 286,530</b>	<b>\$ 290,702</b>	<b>\$ 577,232</b>	<b>\$ 5,085,613</b>	<b>\$ 10,810,197</b>

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

**HAITIAN HEALTH FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JULY 31, 2017**

	Program Services					Supporting Services			Total
	Healthcare	Education	Community Development	Disaster Relief	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 784,365	\$ 75,840	\$ 132,348	\$ 81,116	\$ 1,073,669	\$ 82,128	\$ 116,215	\$ 198,343	\$ 1,272,012
Payroll taxes and employee benefits (Note 7)	22,471	8,767	7,750	27,182	66,170	10,339	14,382	24,721	90,891
<b>Total Salaries and Related Costs</b>	<b>806,836</b>	<b>84,607</b>	<b>140,098</b>	<b>108,298</b>	<b>1,139,839</b>	<b>92,467</b>	<b>130,597</b>	<b>223,064</b>	<b>1,362,903</b>
Relief shipments	4,045	-	8,789	105,768	118,602	-	-	-	118,602
Direct assistance	4,854	-	5,252	54,860	64,966	-	-	-	64,966
Medical and dental care and supplies	185,284	-	-	46,356	231,640	-	-	-	231,640
Food and nutrition	244,562	-	-	207,588	452,150	-	-	-	452,150
Home and latrine construction	-	-	27,349	286,662	314,011	-	-	-	314,011
Goat program	-	-	100,655	-	100,655	-	-	-	100,655
Community development	-	-	5,917	-	5,917	-	-	-	5,917
Education - tuition	-	192,221	-	-	192,221	-	-	-	192,221
Education - other	-	101,606	-	294	101,900	-	-	-	101,900
Rent and utilities	7,396	683	1,210	4,156	13,445	756	1,045	1,801	15,246
Telephone	7,610	633	1,121	2,540	11,904	763	968	1,731	13,635
Fuel	28,891	1,428	2,533	7,304	40,156	-	-	-	40,156
Travel and transportation	47,462	3,845	6,834	5,354	63,495	4,131	6,755	10,886	74,381
Vehicles	22,903	1,871	3,318	93,753	121,845	2,254	485	2,739	124,584
Office supplies and expenses	20,912	1,154	2,044	2,688	26,798	3,133	20,971	24,104	50,902
Insurance	12,904	1,223	2,167	-	16,294	5,657	1,871	7,528	23,822
Dues and subscriptions	-	-	119	-	119	1,042	1,461	2,503	2,622
Professional fees	12,285	6,595	4,855	4,378	28,113	21,753	450	22,203	50,316
Printing	4,411	418	741	-	5,570	395	21,506	21,901	27,471
Repairs and maintenance	55,430	6,802	11,596	123,069	196,897	12,380	3,573	15,953	212,850
Energy related equipment	2,829	268	475	326	3,898	-	-	-	3,898
Solar equipment	17,200	-	-	3,600	20,800	-	-	-	20,800
Security	21,070	1,995	3,538	64,950	91,553	-	-	-	91,553
Computer	5,683	538	954	-	7,175	4,734	13,874	18,608	25,783
Advertising	-	-	-	-	-	90	9,068	9,158	9,158
Credit card and bank fees	2,485	235	417	-	3,137	1,012	3,985	4,997	8,134
Depreciation (Note 4)	81,043	15,905	15,905	-	112,853	19,915	-	19,915	132,768
In-kind professional services (Notes 2J and 8)	114,009	10,537	145,050	10,537	280,133	16,160	36,855	53,015	333,148
In-kind expenses (Note 2J)	3,069,072	-	918,246	2,616,687	6,604,005	-	-	-	6,604,005
<b>TOTAL EXPENSES</b>	<b>\$ 4,779,176</b>	<b>\$ 432,564</b>	<b>\$ 1,409,183</b>	<b>\$ 3,749,168</b>	<b>\$ 10,370,091</b>	<b>\$ 186,642</b>	<b>\$ 253,464</b>	<b>\$ 440,106</b>	<b>\$ 10,810,197</b>

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

**HAITIAN HEALTH FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JULY 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 6,654,017	\$ 7,217,608
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	172,659	132,768
In-kind capital contributions	-	(28,675)
Remeasurement adjustment	(6,657)	(15,868)
Realized and unrealized gains on investments	<u>(5,857,855)</u>	<u>(4,798,676)</u>
<b>Subtotal</b>	962,164	2,507,157
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts and grants receivable	(110,176)	79,396
Prepaid expenses and other assets	(7,120)	(11,425)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>173,019</u>	<u>23,203</u>
<b>Net Cash Provided by Operating Activities</b>	<u>1,017,887</u>	<u>2,598,331</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(6,933,490)	(11,575,377)
Proceeds from sales of investments	6,857,671	9,781,380
Purchases of property and equipment	<u>(365,103)</u>	<u>(404,942)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(440,922)</u>	<u>(2,198,939)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>6,657</u>	<u>15,868</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	583,622	415,260
Cash and cash equivalents - Beginning of the year	<u>1,207,048</u>	<u>791,788</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,790,670</u></u>	<u><u>\$ 1,207,048</u></u>

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



**HAITIAN HEALTH FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2018 AND 2017**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Haitian Health Foundation, Inc. (the “Foundation”) is a not-for-profit corporation founded under the laws of the state of Connecticut in 1985. 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).

The Foundation is a nonprofit, health and human services organization which provides services in Haiti, including 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 the Foundation’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 as well as a government grant which allows the Foundation, through a consortium approach, to share experiences and lessons learned with other agencies through Haiti and provide technical support.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting and Use of Estimates***

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**B. *Basis of Presentation***

The Foundation maintains its net assets under the following classes:

- Unrestricted – represents resources available for support of the Foundation’s operations over which the Board of Directors has discretionary control.

The Foundation’s Board has designated a portion of the Foundation’s unrestricted net assets as 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 by the Board to reflect activities that have occurred during the year. See Note 6B for additional information related to the Foundation’s Board designated net assets.

- Temporarily Restricted – represents assets resulting from contributions whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. In addition, contributions of unconditional promises to give with payments due in future periods are reported as temporarily restricted contributions unless the donor expressly stipulates, or circumstances surrounding the receipt of the promise make clear that the donor intended them to be used to support activities of the current period.

**C. *Cash Equivalents***

The Foundation considers all highly liquid investments with maturities of three months or less when acquired, to be cash equivalents, except for any cash and money market funds held in the Foundation’s investment portfolio for long-term purposes.

**HAITIAN HEALTH FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. *Investments***

Investments are stated at fair value.

**E. *Fair Value Measurements***

Fair value measurements are the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 3.

**F. *Allowance for Uncollectible Accounts and Grants Receivable***

The Foundation determines whether an allowance for uncollectible accounts and grants receivable should be provided based on prior years' experience and management's analysis of specific accounts and grants made. As of July 31, 2018 and 2017, the Foundation determined that no allowance was necessary.

**G. *Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. The Foundation capitalizes acquisitions that have a cost of \$5,000 or more and a useful life of greater than a year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**H. *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.

**I. *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 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.

When material, unconditional pledges that are expected to be collected in the future years are discounted to their present value.

**J. *Donated Assets and Services***

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

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.

**HAITIAN HEALTH FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**K. *Functional Allocation of Expenses***

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

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consisted of the following and were all classified as Level 1 category investments in the fair value hierarchy as of July 31:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 17,112	\$ 3,865,103
U.S. Treasury notes	3,117,709	-
Equity securities	<u>45,465,086</u>	<u>38,801,130</u>
Total investments	<u>\$ 48,599,907</u>	<u>\$ 42,666,233</u>

Investments are subject to market volatility that could substantially change their carrying value in the near term.

The components of the net return on investments as reported in the accompanying statements of activities included the following for the years ended July 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 1,026,012	\$ 1,260,914
Realized and unrealized gains	5,857,855	4,798,676
Investment fees	<u>(228,258)</u>	<u>(220,522)</u>
Total investment activity, net	<u>\$ 6,655,609</u>	<u>\$ 5,839,068</u>

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, “Fair Value Measurement,” provides the guidance for measuring fair value. That guidance 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 as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

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**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

**Money Market Funds and Equity Securities:**

Valued at the closing price reported on the active market on which the individual securities are traded (Level 1).

**U.S. Treasury Notes:**

Investments in U.S. Treasury notes are valued using market prices in active markets (Level 1).

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

The Foundation's policy is that any transfers between fair value levels during the period occur at the beginning of the period. For the years ended July 31, 2018 and 2017, there were no transfers between fair value levels for assets carried at fair value.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at July 31:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Land	\$ 254,127	\$ 254,127	
Buildings and improvements	3,818,265	3,820,362	5-40 years
Vehicles	801,207	933,371	3-10 years
Furniture and equipment	396,108	369,352	5-7 years
Construction in progress	<u>384,955</u>	<u>263,216</u>	
 Total	 5,654,662	 5,640,428	
Less: accumulated depreciation	<u>(2,943,525)</u>	<u>(3,121,735)</u>	
 Net book value	 <u>\$ 2,711,137</u>	 <u>\$ 2,518,693</u>	

Construction in progress as of July 31, 2018 and 2017 represented costs incurred to construct a new clinic in Haiti. Such project was completed in August 2018 at a total cost of approximately \$395,000.

Depreciation expense amounted to \$172,659 and \$132,768 for the years ended July 31, 2018 and 2017, respectively.

During the year ended July 31, 2018, the Foundation disposed of fully depreciated property and equipment with an original cost of \$350,869.

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**NOTE 5 – CONTINGENCIES**

**A. Contingencies**

Pursuant to the Foundation’s contractual relationships with certain funding sources, outside governmental agencies have the right to examine the Foundation’s books and records relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

**B. Uncertainty in Income Taxes**

The Foundation believes it had no uncertain tax positions as of July 31, 2018 and 2017 in accordance with FASB ASC Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 6 – NET ASSETS**

**A. Temporarily Restricted Net Assets**

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

	<u>2018</u>	<u>2017</u>
Disaster relief	\$ 931,385	\$ 1,176,710
Happy houses and latrines	717,227	684,396
Goats	-	78,345
Save a Family	224,545	181,768
Other programs	<u>135,111</u>	<u>253,086</u>
	<u>\$ 2,008,268</u>	<u>\$ 2,374,305</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors, or the passage of time as follows during the years ended July 31:

	<u>2018</u>	<u>2017</u>
Disaster relief	\$ 87,388	\$ 730,710
Happy houses and latrines	147,800	1,950
Goats	193,668	303,750
Save a Family	258,273	234,326
Other programs	<u>637,959</u>	<u>1,129,179</u>
	<u>\$ 1,325,088</u>	<u>\$ 2,399,915</u>

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**NOTE 6 – NET ASSETS (Continued)**

**B. Board Designated Net Assets**

Board designated net assets consisted of the following as of July 31:

	<u>2018</u>	<u>2017</u>
Loss of government funding	\$ 4,000,000	\$ 4,000,000
Natural or other disaster emergency response	7,000,000	3,000,000
Solar system and other capital maintenance and replacement	2,000,000	2,000,000
Information and technology	1,000,000	2,000,000
Maintenance and renovation of clinic and maternal home	-	1,000,000
Cost of services for five years by founder and Save a Family coordinator, currently provided by volunteers	700,000	700,000
Purchase of medical, dental and other equipment	1,000,000	500,000
Cost of five-year plan of administration in Haiti	-	500,000
Vehicle fleet and ambulance replacement	750,000	250,000
Replacement of food supply	<u>-</u>	<u>250,000</u>
	<u>\$ 16,450,000</u>	<u>\$ 14,200,000</u>

**NOTE 7 – EMPLOYEE BENEFIT PLANS**

The Foundation maintains a voluntary Simple IRA plan for full-time employees in Connecticut. The Foundation's contribution to the plan was \$3,450 for each of the years ended July 31, 2018 and 2017.

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 workers' compensation and social security benefits.

**NOTE 8 – 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. At July 31, 2018 and 2017, the Foundation had \$48,599,907 and \$42,666,233, respectively, of cash and investments in brokerage accounts at UBS. Investment fees paid to Andover and UBS were \$228,258 and \$220,522 for the years ended July 31, 2018 and 2017, respectively.

The Foundation receives monetary and in-kind donations from individuals, businesses and various foundations throughout the year. During the years ended July 31, 2018 and 2017, the President and the Director of the Save a Family Program, who are relatives of the Foundation's Executive Director, also volunteered their services. These amounts are included in contributed services in the accompanying financial statements.

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**NOTE 9 – CONCENTRATIONS**

**A. *Concentration of Credit Risk***

Cash and cash equivalents that potentially subject the Foundation to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The FDIC provides deposit insurance coverage of up to \$250,000 per depositor. As of July 31, 2018 and 2017, there was approximately \$856,000 and \$972,000, respectively, of cash and cash equivalents held with a bank that exceeded FDIC limits.

As of July 31, 2018 and 2017, the Foundation had approximately \$677,000 and \$463,000 (translated into U.S. dollars), respectively, of cash and cash equivalents held in three foreign banks that were not insured by the FDIC.

**B. *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 at fiscal year-end. The net remeasurement adjustment for the years ended July 31, 2018 and 2017 was \$6,657 and \$15,868, 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 conditions present in that country.

**NOTE 10 – RECLASSIFICATIONS**

Certain line items in the July 31, 2017 financial statements have been reclassified to conform to the July 31, 2018 presentation.

**NOTE 11 – SUBSEQUENT EVENTS**

The Foundation has evaluated events subsequent to the date of the statement of financial position through April 29, 2019, the date the financial statements were available to be issued.