

HAITIAN HEALTH FOUNDATION, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JULY 31, 2024 AND 2023

HAITIAN HEALTH FOUNDATION, INC.

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Haitian Health Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of July 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Haitian Health Foundation, Inc. as of July 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Haitian Health Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Haitian Health 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.

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 Haitian Health 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 Haitian Health 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.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
February 5, 2025

HAITIAN HEALTH FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,975,437	\$ 4,307,453
Investments	70,123,040	63,626,732
Other receivables	5,484	9,927
Prepaid expenses and other assets	85,846	138,681
Property and equipment, net	<u>2,474,343</u>	<u>2,692,266</u>
	<u>\$ 77,664,150</u>	<u>\$ 70,775,059</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 133,438	\$ 138,122
Deferred revenue	<u>5,000</u>	<u>10,000</u>
TOTAL LIABILITIES	138,438	148,122
NET ASSETS:		
Without donor restrictions	75,803,898	68,961,182
With donor restrictions	<u>1,721,814</u>	<u>1,665,755</u>
TOTAL NET ASSETS	<u>77,525,712</u>	<u>70,626,937</u>
	<u>\$ 77,664,150</u>	<u>\$ 70,775,059</u>

See notes to financial statements.

HAITIAN HEALTH FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JULY 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Contributions and grants	\$ 2,545,811	\$ 1,954,209	\$ 4,500,020	\$ 3,019,646	\$ 1,860,330	\$ 4,879,976
Interest income and net investment return	9,686,867	-	9,686,867	6,803,592	-	6,803,592
Contributed nonfinancial assets	2,816,407	-	2,816,407	3,994,861	-	3,994,861
Program income	31,591	-	31,591	10,628	-	10,628
Other income	20,250	-	20,250	32,782	-	32,782
Loss on foreign currency	(35,135)	-	(35,135)	(72,621)	-	(72,621)
Net assets released from restrictions	1,898,150	(1,898,150)	-	1,921,660	(1,921,660)	-
Total revenue and support	16,963,941	56,059	17,020,000	15,710,548	(61,330)	15,649,218
EXPENSES:						
Program services:						
Healthcare	7,676,150	-	7,676,150	7,447,551	-	7,447,551
Community development	1,177,843	-	1,177,843	1,074,755	-	1,074,755
Education	556,209	-	556,209	716,239	-	716,239
Disaster relief earthquake	129,923	-	129,923	713,986	-	713,986
Total program services	9,540,125	-	9,540,125	9,952,531	-	9,952,531
Supporting services:						
Management and general	286,666	-	286,666	355,342	-	355,342
Fundraising	294,434	-	294,434	309,110	-	309,110
Total supporting services	581,100	-	581,100	664,452	-	664,452
Total expenses	10,121,225	-	10,121,225	10,616,983	-	10,616,983
CHANGE IN NET ASSETS	6,842,716	56,059	6,898,775	5,093,565	(61,330)	5,032,235
NET ASSETS:						
Beginning of year	68,961,182	1,665,755	70,626,937	63,867,617	1,727,085	65,594,702
End of year	\$ 75,803,898	\$ 1,721,814	\$ 77,525,712	\$ 68,961,182	\$ 1,665,755	\$ 70,626,937

See notes to financial statements.

HAITIAN HEALTH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2024

	Program Services				Supporting Services				Total
	Healthcare	Community Development	Education	Disaster Relief Earthquake	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,324,259	\$ 165,030	\$ 120,414	\$ 20,671	\$ 1,630,374	\$ 143,188	\$ 161,082	\$ 304,270	\$ 1,934,644
Payroll taxes and employee benefits	37,958	14,225	16,536	420	69,139	19,004	21,532	40,536	109,675
Total salaries and related costs	1,362,217	179,255	136,950	21,091	1,699,513	162,192	182,614	344,806	2,044,319
In-kind expenses	2,558,830	46,664	-	-	2,605,494	-	-	-	2,605,494
Food and nutrition	1,570,532	5,300	1,031	75,628	1,652,491	-	-	-	1,652,491
Medical and dental care and supplies	1,004,127	-	-	2,786	1,006,913	-	-	-	1,006,913
Security	393,496	4,500	-	-	397,996	-	-	-	397,996
Depreciation	19,141	290,817	-	-	309,958	2,801	-	2,801	312,759
Education - tuition	-	-	280,475	-	280,475	-	-	-	280,475
Home and latrine construction	-	248,054	-	-	248,054	-	-	-	248,054
Vehicles	53,419	160,421	1,159	-	214,999	4,499	174	4,673	219,672
In-kind professional services	78,314	82,337	8,702	-	169,353	20,780	20,780	41,560	210,913
Transport & delivery	182,105	11,086	-	-	193,191	-	-	-	193,191
Direct assistance	72,112	71,607	27,461	-	171,180	-	-	-	171,180
Fuel	104,164	8,187	1,638	-	113,989	-	-	-	113,989
Repairs and maintenance	81,013	10,396	1,352	-	92,761	13,501	278	13,779	106,540
Professional fees	25,200	14,332	25,200	-	64,732	36,434	940	37,374	102,106
Travel and transportation	50,184	7,389	6,605	377	64,555	2,146	1,183	3,329	67,884
Computer	24,108	6,023	5,255	-	35,386	5,845	26,123	31,968	67,354
Education - books, uniforms, stipend	-	-	51,573	-	51,573	-	-	-	51,573
Office supplies and expenses	36,178	3,651	887	-	40,716	2,887	1,078	3,965	44,681
Printing	16,804	2,275	586	-	19,665	1,252	12,554	13,806	33,471
Insurance	5,009	2,922	3,757	-	11,688	15,721	5,009	20,730	32,418
Rent, property tax & utilities	2,240	13,124	1,445	-	16,809	12,216	1,926	14,142	30,951
Disaster relief assistance	-	-	-	30,041	30,041	-	-	-	30,041
Telephone	16,881	3,256	2,060	-	22,197	1,012	2,088	3,100	25,297
Advertising	-	-	-	-	-	-	25,129	25,129	25,129
Relief shipments (containers)	16,054	5,694	-	-	21,748	-	-	-	21,748
Credit card and bank fees	3,233	367	73	-	3,673	1,458	10,627	12,085	15,758
Dues and subscriptions	149	186	-	-	335	3,922	3,931	7,853	8,188
Energy-related equipment	640	-	-	-	640	-	-	-	640
Total expenses	\$ 7,676,150	\$ 1,177,843	\$ 556,209	\$ 129,923	\$ 9,540,125	\$ 286,666	\$ 294,434	\$ 581,100	\$ 10,121,225

See notes to financial statements.

HAITIAN HEALTH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2023

	Program Services				Supporting Services				Total
	Healthcare	Community Development	Education	Disaster Relief Earthquake	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,124,237	\$ 193,199	\$ 133,392	\$ 43,300	\$ 1,494,128	\$ 153,961	\$ 164,644	\$ 318,605	\$ 1,812,733
Payroll taxes and employee benefits	40,224	14,503	17,031	-	71,758	19,335	21,576	40,911	112,669
Total salaries and related costs	1,164,461	207,702	150,423	43,300	1,565,886	173,296	186,220	359,516	1,925,402
In-kind expenses	3,683,211	82,158	-	-	3,765,369	6,475	-	6,475	3,771,844
Food and nutrition	1,042,892	-	100,947	-	1,143,839	-	-	-	1,143,839
Medical and dental care and supplies	468,195	-	-	267,856	736,051	-	-	-	736,051
Security	386,996	5,000	-	-	391,996	-	-	-	391,996
Depreciation	104,494	81,273	104,494	-	290,261	36,423	-	36,423	326,684
Disaster relief assistance	-	-	-	258,555	258,555	-	-	-	258,555
In-kind professional services	81,017	89,633	9,002	-	179,652	21,894	21,471	43,365	223,017
Education - tuition	-	-	211,604	-	211,604	-	-	-	211,604
Vehicles	44,833	164,816	555	-	210,204	1,247	-	1,247	211,451
Home and latrine construction	-	40,000	-	141,129	181,129	-	-	-	181,129
Transport & delivery	137,629	8,785	-	-	146,414	-	-	-	146,414
Travel and transportation	-	86,040	31,414	-	117,454	12,605	4,972	17,577	135,031
Repairs and maintenance	43,185	68,956	668	280	113,089	14,199	-	14,199	127,288
Professional fees	25,600	25,321	25,600	-	76,521	32,978	1,882	34,860	111,381
Direct assistance	47,957	31,924	26,398	2,866	109,145	-	-	-	109,145
Fuel	67,749	35,352	1,250	-	104,351	-	-	-	104,351
Computer	23,137	11,853	4,936	-	39,926	9,638	28,695	38,333	78,259
Relief shipments (containers)	42,055	35,965	-	-	78,020	-	-	-	78,020
Office supplies and expenses	40,664	6,435	1,627	-	48,726	4,289	3,014	7,303	56,029
Rent, property tax & utilities	2,359	13,230	1,581	-	17,170	22,952	2,109	25,061	42,231
Education - books, uniforms, stipend	-	-	39,687	-	39,687	-	-	-	39,687
Advertising	-	-	-	-	-	531	30,957	31,488	31,488
Solar equipment	-	30,693	-	-	30,693	-	-	-	30,693
Insurance	4,929	4,664	3,697	-	13,290	12,320	4,929	17,249	30,539
Goat program	-	30,021	-	-	30,021	-	-	-	30,021
Printing	13,091	1,577	492	-	15,160	289	10,352	10,641	25,801
Telephone	14,041	3,019	1,765	-	18,825	903	1,991	2,894	21,719
Credit card and bank fees	4,335	493	99	-	4,927	1,334	11,084	12,418	17,345
Energy-related equipment	4,572	9,845	-	-	14,417	-	-	-	14,417
Dues and subscriptions	149	-	-	-	149	3,969	1,434	5,403	5,552
Total expenses	\$ 7,447,551	\$ 1,074,755	\$ 716,239	\$ 713,986	\$ 9,952,531	\$ 355,342	\$ 309,110	\$ 664,452	\$ 10,616,983

See notes to financial statements.

HAITIAN HEALTH FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,898,775	\$ 5,032,235
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	312,759	326,684
Gain on sale of property	-	(13,988)
Net realized and unrealized gain on investments	(8,443,908)	(5,638,159)
Contributions of securities	(135,754)	-
(Increase) decrease in operating assets:		
Other receivables	4,443	23,815
Prepaid expenses and other assets	52,835	90,841
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(4,684)	4,790
Deferred revenue	(5,000)	5,000
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,320,534)</u>	<u>(168,782)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(6,141,516)	(15,264,774)
Proceeds from sale of investments	8,224,870	18,364,782
Proceeds from sale of property	-	579,059
Purchases of property and equipment	(94,836)	(397,689)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,988,518</u>	<u>3,281,378</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	667,984	3,112,596
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>4,307,453</u>	<u>1,194,857</u>
End of year	<u>\$ 4,975,437</u>	<u>\$ 4,307,453</u>

See notes to financial statements.

HAITIAN HEALTH FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2024 AND 2023

NOTE 1 – ORGANIZATION:

Haitian Health Foundation, Inc. (HHF) is a non-profit organization founded in 1985 which is headquartered in Norwich, Connecticut. HHF provides health care services (primary, mental and dental), community health education and prevention services, primary and secondary education opportunities; community development interventions and emergency relief services to those in Haiti. HHF's mission is to improve the health and well-being of women, children, families and communities in Haiti through healthcare, education, community development and relief services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Method of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Use of Estimates:

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements:

Effective August 1, 2023, HHF adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), which modifies the measurement of expected credit losses on certain financial instruments. HHF adopted this new guidance utilizing the modified retrospective transition method. The adoption of ASU 2016-13 did not have a material impact on HHF's financial statements as of August 1, 2023 or July 31, 2024.

Effective August 1, 2022, HHF adopted FASB ASU No. 2016-02, *Leases*, and all related amendments (collectively referred to as Topic 842). The most significant changes under Topic 842 include clarification of the definition of a lease, requirements for lessees to recognize right-of-use (ROU) lease assets and lease liabilities in the statements of financial position for all qualifying leases with terms exceeding 12 months, and requirements for additional disclosures in the financial statements.

HHF elected to adopt the transition relief provisions in Topic 842 and recorded the impact of adoption as of August 1, 2022, without restating any prior-year amounts or disclosures. HHF has also elected the package of practical expedients permitted under the transition guidance within Topic 842, which allows HHF not to reassess the following for leases existing as of the adoption date: (a) whether contracts are, or contain, leases; (b) the classification of leases; or (c) initial direct costs. The adoption of Topic 842 did not have a material impact on HHF's financial statements as its only lease commitment is on a month-to-month basis (see Note 10).

HAITIAN HEALTH FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2024 AND 2023

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

Financial Statement Presentation:

HHF reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. At both July 31, 2024 and 2023, there were board designated net assets of \$16,650,000 (see Note 8).

Net Assets with Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose 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. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions (see Note 7).

Recognition of Revenue and Support:

HHF recognizes revenue and support from contributions and grants in accordance with FASB Accounting Standards Codification (ASC) 958-605, as follows:

Contributions and grants – Certain grants received by a not-for-profit organization are generally considered contributions rather than exchange transactions since there is no commensurate value transferred between the resource provider and HHF. Grant awards that are subject to conditions are recognized as revenue and support when the conditions are substantially met. Grant awards without conditions on use are recognized as revenue and support when notification of the award is received. Conditional grant receipts in excess of revenue recognized are presented as deferred revenue.

Contributions are defined as voluntary, nonreciprocal transfers. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable. Promises to give that are subject to donor-imposed conditions are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of such assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

HAITIAN HEALTH FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2024 AND 2023

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

Recognition of Revenue and Support (continued):

Contributed nonfinancial assets - Contributions of goods, services and property and equipment are recorded as contributions at their fair values on the date of donation.

Contributed services are recognized as contributions if they meet the criteria established by US GAAP, as follows, the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by HHF.

Donations of property and equipment are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, HHF reports expirations of donor restrictions when the donated or acquired assets are placed in service. HHF reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Program income - The majority of patients coming to HHF receive health services for free. However, for those who do pay, the price is nominal, and determined by a two-level scale based on patient's financial capacity to pay. These transactions are considered to be exchange transactions and revenue is recognized at the point in time when service is provided. Program income is recognized in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers*. The exchange transactions have one single performance obligation and payments received in advance are recorded as deferred revenue.

Rental income - HHF receives rental income from a month-to-month operating lease with a related party (see Note 6). Rental income for the years ended July 31, 2024 and 2023 is included in other income in the accompanying statements of activities.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash on hand, money market accounts, on deposit and short-term investment accounts having an original maturity of 90 days or less.

Investments:

Investments are measured at fair value in the statements of financial position. Investment income or expense, including gains and losses (both realized and unrealized) on investments and interest and dividends, are included in the statements of activities as increases or decreases in net assets without donor restriction unless donor or relevant law directs otherwise.

Donated investments are reflected as contributions at their fair market values at date of receipt.

HAITIAN HEALTH FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2024 AND 2023

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

Property and Equipment:

Property and equipment of HHF are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 – 40 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any remaining gain or loss is included in operations.

Foreign Currency:

Transactions between HHF's operations in the United States and in Haiti are subject to foreign exchange rate risk. The assets held in Haitian Gourdes are remeasured at the time of the transfer and at fiscal year-end. The foreign currency loss for the years ended July 31, 2024 and 2023 was \$35,135 and \$72,621, respectively.

Impairment of Long-Lived Assets:

HHF recognizes an impairment loss when the carrying amount of a long-lived asset exceeds its fair value. In the event that facts and circumstance indicate that the carrying amounts of long-lived assets may be impaired, an evaluation of recoverability would be performed. The evaluation process consists of comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down is required. If the review indicates that the asset will not be recoverable, the carrying value of the asset would be reduced to its estimated realizable value. There was no impairment loss recognized for the years ended July 31, 2024 or 2023.

Fair Value Measurements:

HHF has a number of financial instruments and none are held for trading purposes. HHF estimates that the fair value of all financial instruments as of July 31, 2024 and 2023 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. HHF, using available market information and appropriate valuation methodologies, has determined the estimated fair value amounts. Considerable judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that HHF could realize in a current market exchange (see Note 9).

HAITIAN HEALTH FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2024 AND 2023

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

Leases:

HHF follows Topic 842 and determines if an arrangement is a lease at inception. ROU lease assets represent HHF's right to use an underlying asset for the lease term and lease liabilities represent HHF's obligation to make lease payments arising from the lease. ROU lease assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The ROU lease asset includes any base lease payments made in advance and excludes non-lease components. Variable lease payments are not included in the measurement of HHF's lease liabilities as they cannot be reasonably estimated and are recognized in the period in which the obligation for those payments is incurred.

HHF has elected to apply the short-term lease exception, which does not require the capitalization of leases with terms of 12 months or less. When HHF's leases do not provide an implicit interest rate, HHF utilizes a risk free rate as of the lease commencement date in determining the present value of lease payments.

Income Tax:

HHF is tax exempt under Internal Revenue Code section 501(c)(3) of the United States Internal Revenue code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. HHF files an informational return in the U.S. Federal jurisdiction. HHF's federal information returns generally remain open for examination by the tax authorities for the prior three years.

Advertising:

Advertising costs are expensed as incurred. Such costs totaled \$25,129 and \$31,488 for the years ended July 31, 2024 and 2023, respectively.

Expenses by Function:

The financial statements present expenses by function and natural classification. Expenses directly attributable to a specific function of HHF are reported as expenses of those function areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other support services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Employee Benefit Plans:

HHF maintains a voluntary SIMPLE IRA plan for full-time employees in Connecticut. For the years ended July 31, 2024 and 2023, HHF contributed \$6,436 and \$6,276, respectively, to the plan. HHF also strictly adheres to all of the government regulations for employees located in Haiti, including vacation, sick and maternity leave. In addition, HHF makes all payments towards the Haitian equivalent of workers' compensation and social security benefits.

HAITIAN HEALTH FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2024 AND 2023

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

Reclassifications:

Certain amounts as of July 31, 2023 have been reclassified to conform to the July 31, 2024 presentation. The reclassifications have no material effect on the financial statements.

Subsequent Events:

Management has evaluated subsequent events through February 5, 2025, the date which the financial statements were available for issuance.

NOTE 3 – CONCENTRATIONS OF CREDIT AND MARKET RISK:

The following items have been identified as financial instruments or areas exposed to concentrations of credit and market risk:

Cash and Cash Equivalents:

Cash and cash equivalents at each US financial institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At various times during the years ended July 31, 2024 and 2023, HHF's cash balances exceeded the federally insured limits. However, HHF has not experienced any losses on its cash and cash equivalents and management believes its cash deposits are not subject to significant credit risk.

At July 31, 2024 and 2023, cash and cash equivalents exceeded the FDIC insured limit by approximately \$4,732,000 and \$4,074,000, respectively. Included in this amount as of July 31, 2024 and 2023, was approximately \$751,000 and \$225,000 (translated into US dollars), respectively, of cash and cash equivalents held in banks in Haiti. To reduce the risk of banking in Haiti, HHF makes every effort to use the funds quickly once deposited into the Haitian bank accounts from the Norwich, Connecticut office. On a monthly basis, a cash flow request is forwarded to the Norwich, Connecticut office to cover expenses such as payroll, security, utilities, fuel and other operational expenses. HHF periodically reviews the financial stability of its banking partners in Haiti and believes any risk of loss is minimal.

Investments:

Investments at UBS are insured up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation (SIPC). At July 31, 2024 and 2023, there were uninsured investment balances of approximately \$69,600,000 and \$63,100,000, respectively. The brokerage firm has also purchased supplemental insurance. The maximum amount payable to all eligible clients, collectively under the supplemental insurance is \$500,000,000.

Contributions and Grants:

HHF receives a percentage of its income from contributions and grants from organizations and donors, therefore, HHF's ability to generate revenue is affected by economic fluctuations in the overall economy.

HAITIAN HEALTH FOUNDATION, INC.

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NOTE 3 – CONCENTRATIONS OF CREDIT AND MARKET RISK (Continued):

Geographic Location:

The program services of HHH are located in Haiti, therefore, HHH's ability to perform and carry out these types of services could be affected by the overall environment in the country of Haiti (see Note 13).

NOTE 4 – INVESTMENTS:

Investments, at fair market value, are summarized as the following at July 31:

	<u>2024</u>	<u>2023</u>
Equity securities	\$ 70,123,040	\$ 59,589,667
Fixed-income securities	-	4,037,065
	<u>\$ 70,123,040</u>	<u>\$ 63,626,732</u>

Income from investments and cash and cash equivalents is comprised of the following for the years ended July 31:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 1,593,305	\$ 1,480,373
Realized and unrealized gains	8,443,908	5,638,159
Investment fees	(350,346)	(314,940)
	<u>\$ 9,686,867</u>	<u>\$ 6,803,592</u>

NOTE 5 – PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at July 31:

	<u>2024</u>	<u>2023</u>
Buildings and improvements	\$ 4,879,997	\$ 4,803,661
Vehicles	1,575,922	1,575,922
Furniture and equipment	553,414	534,914
Land	256,847	256,847
	<u>7,266,180</u>	<u>7,171,344</u>
Less: accumulated depreciation	(4,791,837)	(4,479,078)
	<u>\$ 2,474,343</u>	<u>\$ 2,692,266</u>

Depreciation expense for the years ended July 31, 2024 and 2023 was \$312,759 and \$326,684, respectively.

HAITIAN HEALTH FOUNDATION, INC.

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NOTE 6 – RELATED PARTY TRANSACTIONS:

A member of the Board is a Senior Vice President of Wealth Management and a Senior Portfolio Manager in the Portfolio Management Program at UBS, the brokerage that holds all of HHF's investments. At July 31, 2024, HHF had cash equivalents and investments totaling \$3,862,040 and \$70,123,040, respectively, in brokerage accounts at UBS. At July 31, 2023, HHF had cash equivalents and investments totaling \$3,587,261 and \$63,626,732, respectively, in brokerage accounts at UBS. In addition, HHF paid investment fees of \$350,346 and \$314,940 for the years ended July 31, 2024 and 2023, respectively.

During the years ended July 31, 2024 and 2023, the President and the Director of HHF's Save a Family Program volunteered their services, which were included as a contribution of nonfinancial assets within the accompanying statements of activities. Both of these individuals are relatives of HHF's Executive Director (see Note 11).

HHF leases residential property in Connecticut to the President and the Director of HHF's Save a Family Program. The residential lease agreement calls for monthly rental payments of \$1,000 and is on a month-to-month basis. Rental income for both the years ended July 31, 2024 and 2023 amounted to \$12,000 and is included in other income in the accompanying statements of activities.

In October 2018, HHF issued a promissory note to an employee for a total of \$32,000. The note had a term of six years and bore interest at a rate of 3% per annum. The promissory note was repaid during May 2023.

In both August 2023 and January 2024, HHF issued a five month non-interest bearing promissory note to an employee in the amount of \$10,000 for each promissory note. The promissory notes were fully repaid during the year ended July 31, 2024.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are comprised of the following at July 31:

	<u>2024</u>	<u>2023</u>
Other programs	\$ 754,405	\$ 558,257
Happy Houses and Toilets	589,275	807,884
Save a Family Program	378,134	299,614
	<u>\$ 1,721,814</u>	<u>\$ 1,665,755</u>

Net assets with donor restrictions in the amount of \$1,898,150 and \$1,921,660 were released from restriction during the years ended July 31, 2024 and 2023, respectively, by satisfying purpose restrictions.

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YEARS ENDED JULY 31, 2024 AND 2023

NOTE 8 – NET ASSETS WITH BOARD RESTRICTIONS:

Net assets with board restrictions are comprised of the following at July 31:

	<u>2024</u>	<u>2023</u>
Natural or other disaster emergency response	\$ 7,000,000	\$ 7,000,000
Loss of government funding	4,000,000	4,000,000
Solar system and other capital maintenance and replacement	2,000,000	2,000,000
Information and technology	1,000,000	1,000,000
Purchase of medical, dental and other equipment	1,000,000	1,000,000
Vehicle fleet and ambulance replacement	750,000	750,000
Cost of services for five years by founder and Save a Family coordinator, currently provided by volunteers	700,000	700,000
COVID-19	200,000	200,000
	<u>\$ 16,650,000</u>	<u>\$ 16,650,000</u>

NOTE 9 – FAIR VALUE MEASUREMENTS:

HHF follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which establishes a framework for identifying and measuring fair value. FASB ASC 820 provides a fair value hierarchy, giving the highest priority to quoted prices in active markets, and is also applied to fair value measurements of derivative contracts that are subject to mark-to-market accounting and other assets and liabilities reported at fair value.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is the price 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.

FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and established a fair value hierarchy that distinguishes between assumptions based on market data obtained from independent sources and those based on the entity's own assumptions.

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NOTE 9 – FAIR VALUE MEASUREMENTS (Continued):

The hierarchy prioritizes the inputs to fair value measurements into three levels.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that HHF 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 assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

The following section describes the valuation methodologies used by HHF to measure different financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate, the description includes the details of the valuation models, the key inputs to those models, and any significant assumptions.

Equity securities - The fair value of common stocks are based on quoted market prices from active markets.

Fixed-income securities - The fair value of certain government, non-government and foreign securities for which quoted market prices are not available are based on yields currently available on comparable securities of issuers with similar credit ratings.

HAITIAN HEALTH FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 9 – FAIR VALUE MEASUREMENTS (Continued):

The following tables present information about HHF’s respective assets measured at fair value on a recurring basis at July 31, 2024 and 2023, including the fair value measurements and the level of inputs used in determining those fair values:

July 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Equity securities	\$ 70,123,040	\$ -	\$ -	\$ 70,123,040
	<u>\$ 70,123,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,123,040</u>

July 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Equity securities	\$ 59,589,667	\$ -	\$ -	\$ 59,589,667
Fixed-income securities	-	4,037,065	-	4,037,065
	<u>\$ 59,589,667</u>	<u>\$ 4,037,065</u>	<u>\$ -</u>	<u>\$ 63,626,732</u>

NOTE 10 – LEASE COMMITMENT:

HHF has a lease agreement for office space in Haiti on a month-to-month basis that calls for monthly payments of \$1,000.

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS:

HHF received the following contributed nonfinancial assets during the years ended July 31:

	<u>2024</u>	<u>2023</u>
Medical supplies	\$ 2,494,757	\$ 3,609,770
Professional services	210,913	223,017
Food and household supplies	110,737	162,074
	<u>\$ 2,816,407</u>	<u>\$ 3,994,861</u>

HHF was provided a discount on certain contributed nonfinancial assets which are valued and reported at the estimated fair value in the financial statements based on current rates for similar goods and services. All contributed nonfinancial assets received by HHF during the years ended July 31, 2024 and 2023 were without donor restriction and able to be used by HHF as determined by the Board and management. The expenses for the medical supplies, professional services, food and household supplies, and office equipment have been allocated across programs and other support services in accordance with HHF’s functional allocation of expenses policy (see Note 2).

HAITIAN HEALTH FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 12 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES:

Financial assets are considered unavailable when illiquid or not convertible to cash within one year, restricted for debt service or capital improvements, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments. These board designations could be drawn upon if the Board approves that action.

The following table reflects HHF's financial assets as of July 31, 2024 and 2023, reduced by amounts not available for general expenditure within one year:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 4,975,437	\$ 4,307,453
Investments	70,123,040	63,626,732
Other receivables	5,484	9,927
Financial assets, at year-end	<u>75,103,961</u>	<u>67,944,112</u>
Less those unavailable for general expenditure within one year, due to:		
Net assets with donor restrictions	(1,721,814)	(1,665,755)
Board designated net assets	<u>(16,650,000)</u>	<u>(16,650,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 56,732,147</u>	<u>\$ 49,628,357</u>

HHF has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, HHF invests cash in excess of current requirements in short-term investments.

NOTE 13 – RISKS AND UNCERTAINTIES:

The program services of HHF are located in Haiti. Due to the ongoing socio-political situation, the deteriorating security in the country, as well as the steadily depreciating Haitian currency, this environment could have a material impact on HHF's operations in the near future. Despite these challenges, HHF is still operating at 100% capacity.

HHF invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Mitigating these risks are AAA ratings of the securities, the duration of fixed income investments and marketability of equity securities. Due to the general nature of risk concerning all marketable securities, it is at least reasonably possible that changes in the values of investment securities could occur and that such changes could materially affect account balances and the amounts reported in the accompanying statements of financial position.