HOPE FOR HAITI, INC. AND AFFILIATE

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2018 and 2017

CAPINCROUSE LLP

HOPE FOR HAITI, INC. AND AFFILIATE

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Directors
Hope for Haiti, Inc. and Affiliate
Naples, Florida

We have audited the accompanying consolidated financial statements of Hope for Haiti, Inc. (a nonprofit corporation) and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows, for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Board of Directors
Hope for Haiti, Inc. and Affiliate
Naples, Florida

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hope for Haiti, Inc. and Affiliate as of June 30, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Lawrenceville, Georgia
October 23, 2018

HOPE FOR HAITI, INC. AND AFFILIATE

Consolidated Statements of Financial Position

	June 30,			
	2018		2017	
ASSETS:				
Cash and cash equivalents	$	2,136,254	$	3,316,984
Investments		2,938,643		2,015,638
Other assets–net		63,401		56,309
Gift-in-kind inventory		-		1,195,425
Property and equipment–net		880,576		881,562
Total Assets	$	6,018,874	$	7,465,918
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable and accrued expenses	$	23,757	$	83,954
Deferred revenue		35,000		-
		58,757		83,954
Net assets:				
Unrestricted		5,466,965		6,578,273
Temporarily restricted		493,152		803,691
		5,960,117		7,381,964
Total Liabilities and Net Assets	$	6,018,874	$	7,465,918

See notes to consolidated financial statements

HOPE FOR HAITI, INC. AND AFFILIATE

Consolidated Statements of Activities

	Year Ended June 30,					
	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	$ 1,607,280	$ 1,567,793	$ 3,175,073	$ 1,499,703	$ 3,016,898	$ 4,516,601
Special events	474,179	-	474,179	607,445	-	607,445
Gifts-in-kind	9,530,375	-	9,530,375	21,544,091	-	21,544,091
Investment income	146,966	-	146,966	201,272	-	201,272
Gain on sale of property and equipment	29,500	-	29,500	-	-	-
Total Support and Revenue	11,788,300	1,567,793	13,356,093	23,852,511	3,016,898	26,869,409
RECLASSIFICATIONS:						
Net assets released from restrictions:						
Satisfaction of purpose restrictions	1,878,332	(1,878,332)	-	3,550,805	(3,550,805)	-
EXPENSES:						
Program services	13,972,391	-	13,972,391	23,962,191	-	23,962,191
Supporting activities:						
Management and general	381,245	-	381,245	333,820	-	333,820
Fundraising	424,304	-	424,304	386,096	-	386,096
	805,549	-	805,549	719,916	-	719,916
Total Expenses	14,777,940	-	14,777,940	24,682,107	-	24,682,107
Change in Net Assets	(1,111,308)	(310,539)	(1,421,847)	2,721,209	(533,907)	2,187,302
Net Assets, Beginning of Year	6,578,273	803,691	7,381,964	3,857,064	1,337,598	5,194,662
Net Assets, End of Year	$ 5,466,965	$ 493,152	$ 5,960,117	$ 6,578,273	$ 803,691	$ 7,381,964

See notes to consolidated financial statements

HOPE FOR HAITI, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services							Supporting Activities			
	Education	Water	Healthcare and Nutrition	Economy	Infrastructure and Emergency Relief	Haiti Ops	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total Expenses
Gifts-in-kind distribution:											
Medications and medical supplies	$ -	$ -	$ 9,770,026	$ -	$ -	$ -	$ 9,770,026	$ -	$ -	$ -	$ 9,770,026
Non-medical supplies	25,909	5,000	84,362	5,000	830,502	5,000	955,773	-	-	-	955,773
	25,909	5,000	9,854,388	5,000	830,502	5,000	10,725,799	-	-	-	10,725,799
Salaries and related benefits	65,163	-	365,369	63,462	113,062	475,933	1,082,989	182,672	150,435	333,107	1,416,096
Office expenses	986	-	57,490	10,451	5,879	170,134	244,940	112,848	83,151	195,999	440,939
Supplies and materials	2,771	5,006	193,220	4,937	115,603	6,944	328,481	-	-	-	328,481
Medication and medical supplies	-	-	171,409	-	79,338	-	250,747	-	-	-	250,747
Teacher training and salary subsidies	249,979	-	-	-	-	-	249,979	-	-	-	249,979
Construction projects	12,635	1,860	-	-	184,106	-	198,601	-	-	-	198,601
Bad debt expense	-	-	-	196,972	-	-	196,972	-	-	-	196,972
Travel	7,115	393	42,973	10,801	34,410	73,093	168,785	7,681	9,729	17,410	186,195
Promotions	-	-	-	-	-	-	-	-	150,670	150,670	150,670
School programs (recreation, scholarship, lunch)	128,052	-	-	-	-	-	128,052	-	-	-	128,052
Grants	-	-	-	121,546	-	-	121,546	-	-	-	121,546
Depreciation	-	-	-	-	-	94,974	94,974	10,916	3,275	14,191	109,165
Professional fees	613	-	3,679	20,795	21,563	5,495	52,145	41,265	12,326	53,591	105,736
Laboratory fees/surgical procedures	-	-	98,311	-	-	-	98,311	-	-	-	98,311
Repairs and maintenance	-	-	9,460	581	5,562	5,194	20,797	16,282	-	16,282	37,079
Occupancy	-	-	-	-	-	5,144	5,144	4,602	3,790	8,392	13,536
Telephone	-	-	-	-	-	4,129	4,129	3,695	3,043	6,738	10,867
Postage and shipping	-	-	-	-	-	-	-	1,284	7,885	9,169	9,169
Total Expenses	$ 493,223	$ 12,259	$ 10,796,299	$ 434,545	$ 1,390,025	$ 846,040	$ 13,972,391	$ 381,245	$ 424,304	$ 805,549	$ 14,777,940

See notes to consolidated financial statements

HOPE FOR HAITI, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services							Supporting Activities			
	Education	Water	Healthcare and Nutrition	Economy	Infrastructure and Emergency Relief	Haiti Ops	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total Expenses
Gifts-in-kind distribution:											
Medications and medical supplies	$ -	$ -	$ 9,398,579	$ -	$ 10,251,269	$ -	$ 19,649,848	$ -	$ -	$ -	$ 19,649,848
Non-medical supplies	11,002	31,050	78,935	6,000	571,832	-	698,819	-	-	-	698,819
	11,002	31,050	9,477,514	6,000	10,823,101	-	20,348,667	-	-	-	20,348,667
Salaries and related benefits	53,176	6,153	394,515	59,875	112,651	444,744	1,071,114	174,016	143,308	317,324	1,388,438
Office expenses	5,188	358	54,491	19,718	32,647	140,353	252,755	103,365	54,068	157,433	410,188
Supplies and materials	2,219	3,009	209,313	21,392	177,720	4,589	418,242	-	-	-	418,242
Medication and medical supplies	-	-	290,135	-	176,869	-	467,004	-	-	-	467,004
Teacher training and salary subsidies	237,830	-	-	-	-	-	237,830	-	-	-	237,830
Construction projects	118,112	-	10,144	-	115,814	-	244,070	-	-	-	244,070
Travel	16,165	716	54,403	12,614	125,994	101,861	311,753	10,426	4,664	15,090	326,843
Promotions	-	-	-	-	-	-	-	-	145,826	145,826	145,826
School programs (recreation, scholarship, lunch)	144,608	-	-	-	-	-	144,608	-	-	-	144,608
Grants	-	-	-	62,141	-	-	62,141	-	-	-	62,141
Depreciation	-	-	-	-	-	89,948	89,948	11,479	8,609	20,088	110,036
Professional fees	96	-	14,426	103,894	70,757	10,391	199,564	21,574	9,931	31,505	231,069
Laboratory fees/surgical procedures	-	-	68,757	-	-	-	68,757	-	-	-	68,757
Repairs and maintenance	191	453	16,211	-	5,271	13,899	36,025	4,022	-	4,022	40,047
Occupancy	-	-	-	-	-	4,978	4,978	4,454	3,668	8,122	13,100
Telephone	-	-	-	-	-	3,824	3,824	3,421	2,817	6,238	10,062
Postage and shipping	-	-	-	-	-	911	911	1,063	13,205	14,268	15,179
Total Expenses	$ 588,587	$ 41,739	$ 10,589,909	$ 285,634	$ 11,640,824	$ 815,498	$ 23,962,191	$ 333,820	$ 386,096	$ 719,916	$ 24,682,107

See notes to consolidated financial statements

HOPE FOR HAITI, INC. AND AFFILIATE

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,421,847)	$ 2,187,302
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	109,165	110,036
Gifts-in-kind	(9,530,374)	(21,544,091)
Distributions of gifts-in-kind	10,725,799	20,348,666
Realized/unrealized gains on investments	(77,537)	(141,906)
Gain on sales of property and equipment	(29,500)	-
Changes in operating assets and liabilities:		
Other assets	(7,092)	(52,770)
Accounts payable and accrued expenses	(60,197)	51,425
Deferred revenue	35,000	-
Net Cash Provided (Used) by Operating Activities	(256,583)	958,662
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(108,179)	(206,973)
Proceeds from sales of property and equipment	29,500	-
Purchases of investments	(845,468)	(51,692)
Proceeds from sales of investments	-	34,311
Net Cash Used by Investing Activities	(924,147)	(224,354)
Net Change in Cash and Cash Equivalents	(1,180,730)	734,308
Cash and Cash Equivalents, Beginning of Year	3,316,984	2,582,676
Cash and Cash Equivalents, End of Year	$ 2,136,254	$ 3,316,984

See notes to consolidated financial statements

1. NATURE OF ORGANIZATION:

Hope for Haiti, Inc. (HFH or the Organization) is an innovative and creative international development organization that has been working in Haiti for 30 years. The Organization partners with private donors to create community-based sustainable change through a grassroots and strategic holistic approach. The Organization is an action-oriented and fast-paced organization that believes in partnership solutions to poverty alleviation. The Organization's vision for the future is one of strategic growth in creating healthy, sustainable communities and has a distinguished and well-established board of directors that provides the Organization with strong governance, oversight, and strategic direction. Building upon a proven track record of success, the Organization stays true to its mission and founding principles, while offering a dynamic and supportive work environment. For more information about the Organization, please visit www.hopeforhaiti.com.

HFH is a not-for-profit corporation and as such, is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). Contributions to HFH are deductible from income taxes on the donor's income tax return within the limitations prescribed by the Code. HFH is also classified as a publicly supported organization, which is not a private foundation as defined by Section 170(b) of the Code.

HFH supports Fondasyon Kuehner (Foundation), an affiliated Haitian foundation which commenced operations in August 2011, by providing funding, volunteers, and goods and services. The Foundation was established in the Republic of Haiti to assist in carrying out HFH's mission within the Republic of Haiti by managing all operations and programs on behalf of HFH. The mission of HFH and the Foundation (collectively referred to as the Organization) is to improve the quality of life for the Haitian people, particularly children. The Organization accomplishes this mission primarily through the program services described below:

Education –The objective of our Education Program is to improve the access and quality of education in southern Haiti by investing in and partnering with key education partners and institutions. From 2017-2018, the Organization subsidized the salaries of 429 primary and secondary teachers at our 24 partner schools in southern Haiti, impacting the lives of 7,261 students.

Healthcare and nutrition –The objective of our Healthcare Program is to improve the access and quality of healthcare for people living primarily in the Greater South of Haiti. From 2017-2018, the Organization shipped medications and medical supplies that went toward supporting a healthcare network of 21 providers, in particular, the Organization's Infirmary St. Etienne that provided over 16,000 consultations.

Clean water –The objective of our Water Program is to improve clean water access for people living in southern Haiti, especially children. From 2017-2018, the Organization provided over 100,000 Haitian people with access to clean water through 25 sites, including 142,156 gallons filtered at our 18 Sawyer bucket filtration sites and increased response in the immediate aftermath of Hurricane Matthew.

1. NATURE OF ORGANIZATION, continued:

Infrastructure –The objective of the Infrastructure Program is to work with local leaders to implement a community-based and participatory approach to infrastructure improvements focused on healthcare, education, water sanitation, technology, environment and agriculture, market access, and disaster preparedness. From 2017-2018, the Organization's Infrastructure Program was dominated by Hurricane Matthew relief and recovery as our team completed multiple disaster response projects–focused at the school and household level. We also completed other projects such as building computer labs, school improvements and construction, reforestation, and emergency response.

Economy –The objective of our Economy Program is to increase the Organization's economy portfolio, with a focus on education, access to loans and grants, and job training in communities in southern Haiti. From 2017-2018, the Organization supported Haitian entrepreneurs and communities through small-business loans, microcredit programs, a cooking school, household surveys measuring poverty likelihoods, and community and vocational training.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the balances and financial activities of HFH and the Foundation. All significant intercompany transactions and balances have been eliminated from the consolidated financial statements.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, checking, savings, and money market accounts, with original maturities of three months or less. While at times deposits may exceed federally insured limits, the Organization has not experienced any losses on these accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. For the years ended June 30, 2018 and 2017, cash balances in excess of federally insured limits totaled $1,735,586 and $2,855,950, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS, continued

The Organization is required to hold certain donor contributions in a separate bank account, for the purposes outlined in the executed grant agreement between the Organization and donor. For the years ended June 30, 2018 and 2017, funds held in this separate account totaled $572,815 and $567,100, respectively.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Interest and dividend income and the realized and unrealized gain or loss on investments is reported as unrestricted investment income in the accompanying consolidated statements of activities unless a donor or law temporarily or permanently restricts its use. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy.

OTHER ASSETS–NET

Other assets–net consists of various prepaid items as well as loans receivable, net of an allowance for uncollectible amounts.

Loans receivable-net consist of loans to various Haitian businesses, organizations, or individuals (entities) that live, work, and play within the communities the Organization serves. It is vital that the entities supported are focused on not only economic activity but also enhance community sustainability or development and environmental sensitivity (social business). Loans are unsecured; however, HFH does provide interest rate reductions based upon the availability of collateral in securing the loan. Collateral that is able to be secured as part of the financing transaction will result in a reduction in the loan interest rate, not to exceed 150 basis points.

The allowance for loan losses is maintained at a level that, in management's judgment, is adequate to absorb probable loan losses. The amount is based upon an analysis of the loan portfolio by management including, but not limited to, review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This process is based on estimates and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for potential loan losses in the period in which they become known.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OTHER ASSETS–NET, continued

A loan is considered impaired when, based upon current information and events, it is probable that HFH will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans are classified as delinquent when payments are 90 days overdue. Delinquent and impaired loans continue to accrue interest. Payments on delinquent and impaired loans are recorded first as interest income and then as a reduction in principal. The accrual of interest income is discontinued when, in management's judgment, the scheduled interest may not be collectable within the stated term of the loan. Interest income is recognized on a cash basis for loans classified as nonaccrual loans, with subsequent payments applied first to interest and fees, if any, and then to principal. Loans classified as nonaccrual loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

GIFT-IN-KIND INVENTORY

Gift-in-kind inventory consists of donated items, such as medical products and supplies. Gift-in-kind inventory is stated at its estimated fair value on the date of receipt as disclosed below in support and revenue, reclassifications, and expenses. No allowance for inventory valuation was recorded as of June 30, 2018.

PROPERTY AND EQUIPMENT–NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization generally capitalizes and reports property and equipment acquisitions in excess of $2,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to thirty-nine years.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Unrestricted amounts are currently available at the discretion of the board for use in operations. Equity in property and equipment represent amounts invested in property and equipment net of accumulated depreciation.

Temporarily restricted amounts are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned, while support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Organization. Special event revenue received in advance of the event is recorded as deferred revenue in the accompanying consolidated statements of financial position.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as reclassifications.

The Organization reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Special events consist of revenue generated from the Organization’s annual gala events. As of June 30, 2018 and 2017, special events revenue is recorded gross of special events related expense of $91,261 and $99,116, respectively.

Donated inventory (consisting of medicines and medical supplies) is recorded as inventory and contribution revenue at its estimated fair value at the date of donation, taking into consideration inventory condition and utility for use. All donated inventory is received from private organizations and is considered to be unrestricted support unless the inventory explicitly contains donor restrictions. The Organization only records the value of donated inventory in which they were either the original recipient of the gift, were involved in partnership with another organization for distribution, or used in the Organization’s programs.

When the Organization receives donated inventories with specific geographic or purpose restrictions, they are recognized as temporarily restricted contributions. Donor restrictions are satisfied, and donated inventory is released from restriction and reclassified as unrestricted, when the donated product has been shipped. Donated inventories received with limitations, such as the provision that they cannot be distributed within the United States because the pharmaceuticals have not been approved by The Food and Drug Administration, are not considered donor restrictions; therefore, they are reported as unrestricted contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued
Other gifts-in-kind have been valued according to an average of current market data derived from international pricing to obtain a reasonable fair market value.

The accompanying consolidated financial statements do not recognize the value of donated services as such services do not meet the recognition requirements under the *Contributed Services* topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC); however, a substantial number of volunteers have donated significant amounts of their time to the Organization's program services.

Expenses, including advertising expenses of $59,280 and $47,797 incurred for the years ended June 30, 2018 and 2017, are reported when costs are incurred. The costs of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and the supporting activities benefited.

3. INVESTMENTS:
Investments consist of:

	June 30,	
	2018	2017
Held at fair value:		
Mutual funds	$ 800,014	$ -
Common stock	755,467	575,614
Corporate bonds	1,383,162	1,440,024
	$ 2,938,643	$ 2,015,638

Income on investments consists of:

	Year Ended June 30,	
	2018	2017
Interest and dividends	$ 69,429	$ 59,366
Realized gains-net	-	39,149
Unrealized gains-net	77,537	102,757
	$ 146,966	$ 201,272

4. OTHER ASSETS–NET:

Other assets–net consist of:

	June 30, 2018	June 30, 2017
Loans receivable	$ 196,972	$ -
Allowance for loan losses	(196,972)	-
	-	-
Prepaid expenses	63,401	56,309
	$ 63,401	$ 56,309

The Organization evaluates loans for impairment on an individual basis if the loan is more than 90 days delinquent. These loans are then given a specific allowance based on the estimated net realizable value of property serving as collateral. All other loans are evaluated for allowance on a collective basis. At June 30, 2018, loans receivable totaling $196,972 with allowances in the amount of $196,972 were evaluated collectively for impairment with no impairment being noted. No loans were individually evaluated for impairment.

Status of performing and nonperforming loans is based on payment activity for the year ended June 30, 2018. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent is greater than 60 days in the previous month. As of June 30, 2018, all loans are performing.

The Organization classifies loans as past due if the loan is more than 30 days past due. There were no loans past due, delinquent, or impaired as of June 30, 2018.

Despite no noted impairments, no non-performance, and no past due amounts, the Organization considers all loans made pursuant to the economy program unlikely to be collectible.

4. OTHER ASSETS–NET, continued:

Loans receivable are estimated to mature as follows:

Years Ending June 30,	Amounts
2019	$ 32,094
2020	36,778
2021	34,994
2022	25,357
2023	25,123
Thereafter	42,626
	$ 196,972

Concentrations of credit risk exist with respect to individually significant borrowers whose individual balances exceed five percent of the total loan portfolio. At June 30, 2018, four borrowers had individual balances in excess of five percent of the total loan portfolio. The total of the four balances was $154,391. Additionally, there was a single borrower whose individual balance represented 51% of the total portfolio.

5. GIFT-IN-KIND INVENTORY:

Gift-in-kind inventory consists of:

	June 30,	
	2018	2017
Donated medicines	$ -	$ 983,536
Donated medical equipment	-	207,180
Other donated items	-	4,709
	$ -	$ 1,195,425

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	June 30, 2018	June 30, 2017
Buildings and improvements	$ 747,471	$ 747,471
Computer and office equipment	57,698	22,518
Software	122,223	122,223
Vehicles	422,998	539,598
	1,350,390	1,431,810
Less accumulated depreciation	(469,814)	(550,248)
Property and equipment–net	$ 880,576	$ 881,562

7. NET ASSETS:

Net assets consist of:

	June 30, 2018	June 30, 2017
Unrestricted:		
Undesignated	$ 4,586,389	$ 5,696,711
Equity in property and equipment	880,576	881,562
	5,466,965	6,578,273
Temporarily restricted:		
Community Development	108,024	-
Disaster relief–Hurricane Matthew	385,128	803,691
	493,152	803,691
	$ 5,960,117	$ 7,381,964

8. CONDITIONAL GRANTS RECEIVABLE:

The Organization has several multi-year grant agreements with scheduled future payments. Management believes these to be conditional on future expenditures and/or future reporting based on their understanding with the grantors. Therefore, they have not been recorded as receivables in the accompanying consolidated statements of financial position. Of the total future payments, $2,250,000 will be temporarily restricted for economic development, education, or other specific program services, and $500,000 will be unrestricted, based upon the terms of the executed grant agreements. Future grant receipts are estimated as follows:

Years Ending June 30,	Amounts
2019	$ 1,650,000
2020	850,000
2021	250,000
	$ 2,750,000

9. CONCENTRATION:

During the years ended June 30, 2018 and 2017, the Organization received 57% and 50%, respectively, of total contribution support from three donors. Additionally, during the years ended June 30, 2018 and 2017, the Organization received 80% and 73%, respectively, of total gifts-in-kind support from two donors and one donor, respectively. The organizational implications of these concentrations are recognized by the Organization.

10. RELATED PARTY TRANSACTIONS:

The Organization has contracts for program construction services in Haiti with a company owned by an individual related to the Organization. Program expenses incurred under these agreements totaled $101,615 and $182,536 for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018 and 2017, there were no amounts due to the related party.

For the years ended June 30, 2018 and 2017, three major foundations contributed 57% and 50%, respectively, of total contribution support. Of these three foundations, two have members of management on the Organizations' board, and one shares a common board member with the Organization.

11. POST-RETIREMENT BENEFITS:

Effective in August 2016, the Organization began sponsoring a defined contribution retirement plan (the Plan), which covers substantially all full-time employees. Contributions to the Plan are held by the Plan custodian. Employer contributions to the Plan are discretionary. The Organization did not make any contributions to the Plan during the years ended June 30, 2018 or 2017.

12. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at June 30, 2018 and 2017:

	Fair Value Measurements at June 30, 2018			
	Total	Level 1	Level 2	Level 3
Investments:				
Mutual funds	$ 800,014	$ 800,014	$ -	$ -
Common stock	755,467	755,467	-	-
Corporate bonds	1,383,162	-	1,383,162	-
	$ 2,938,643	$ 1,555,481	$ 1,383,162	$ -

	Fair Value Measurements at June 30, 2017			
	Total	Level 1	Level 2	Level 3
Investments:				
Mutual funds	$ -	$ -	$ -	$ -
Common stock	575,614	575,614	-	-
Corporate bonds	1,440,024	-	1,440,024	-
	$ 2,015,638	$ 575,614	$ 1,440,024	$ -

Methods and assumptions used by the Organization in estimating fair value are as follows:

Valuation techniques: Fair values for stocks and equities are based on quoted market prices in an active market. The fair value of mutual funds is based on the net asset value (NAV) of the underlying investments in the fund. Corporate bond fair value is based on yields currently available on comparable securities of issuers with similar credit ratings.

12. FAIR VALUE MEASUREMENTS, continued:

Changes in valuation techniques: None

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. For the years ended June 30, 2018 and 2017, there were no transfers in or out of Levels 1, 2, or 3.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 23, 2018, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.