

HAITI MICAH PROJECT, INC.

FINANCIAL STATEMENTS

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Haiti Micah Project, Inc.
Alexandria, Virginia

We have audited the accompanying financial statements of the Haiti Micah Project, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 auditors' 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 to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Haiti Micah Project, Inc. as of December 31, 2015 and 2014, 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.

Bowling, Franklin & Co., LLP
Certified Public Accountants

Fredericksburg, Virginia
September 27, 2016

HAITI MICAH PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	ASSETS		2015	2014
CURRENT ASSETS:				
Cash and cash equivalents	\$	255,276	\$	236,825
Pledge receivable		19,250		28,140
Prepaid expenses		<u>13,000</u>		<u>13,000</u>
Total Current Assets	\$	<u>287,526</u>	\$	<u>277,965</u>
PROPERTY AND EQUIPMENT:				
Land	\$	17,000	\$	17,000
Vehicles		4,800		4,800
Furniture and fixtures		<u>5,534</u>		<u>5,534</u>
	\$	27,334	\$	27,334
Less accumulated depreciation		<u>9,967</u>		<u>9,345</u>
Total Property and Equipment	\$	<u>17,367</u>	\$	<u>17,989</u>
OTHER ASSETS:				
Long-term investments	\$		\$	31,603
Deposits		2,000		2,000
Construction in progress		<u>17</u>		<u>17</u>
Total Other Assets	\$	<u>2,017</u>	\$	<u>33,620</u>
Total Assets	\$	<u>306,910</u>	\$	<u>329,574</u>
NET ASSETS				
NET ASSETS:				
Unrestricted	\$	220,691	\$	226,675
Temporarily restricted		<u>86,219</u>		<u>102,899</u>
Total Net Assets	\$	<u>306,910</u>	\$	<u>329,574</u>

See Notes to Financial Statements.

HAITI MICAH PROJECT, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE:		
Contributions	\$ 228,305	\$ 144,469
In kind donations	28,750	38,951
Interest income	<u>71</u>	<u>93</u>
Total Unrestricted Support And Revenue	\$ <u>257,126</u>	\$ <u>183,513</u>
NET ASSETS RELEASED FROM RESTRICTIONS:		
Purpose restriction satisfied	\$ <u>25,000</u>	\$ <u>50,000</u>
Total Net Assets Released From Restrictions	\$ <u>25,000</u>	\$ <u>50,000</u>
Total Unrestricted Support, Revenue and Other Support	\$ <u>282,126</u>	\$ <u>233,513</u>
EXPENSES:		
Feeding program	\$ 77,000	\$ 73,000
Housing program	94,045	63,803
Shipping costs		1,790
Occupancy	13,000	13,000
Depreciation	622	680
Computer/Internet	1,784	1,884
Vocational center	65,000	50,000
Miscellaneous	834	403
Professional fees	7,075	7,750
In kind donations recorded as expenses:		
Professional services	<u>28,750</u>	<u>38,951</u>
Total Expenses	\$ <u>288,110</u>	\$ <u>251,261</u>
Increase (Decrease) In Unrestricted Net Assets	\$ <u>(5,984)</u>	\$ <u>(17,748)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Restricted contributions	\$ 8,320	\$ 20,600
Net assets released from restrictions	<u>(25,000)</u>	<u>(50,000)</u>
Increase (Decrease) In Temporarily Restricted Net Assets	\$ <u>(16,680)</u>	\$ <u>(29,400)</u>
Increase (Decrease) in Net Assets	\$ (22,664)	\$ (47,148)
NET ASSETS – BEGINNING OF YEAR	<u>329,574</u>	<u>376,722</u>
NET ASSETS – END OF YEAR	\$ <u>306,910</u>	\$ <u>329,574</u>

See Notes to Financial Statements.

HAITI MICAH PROJECT, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (22,664)	\$ (47,147)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	622	680
Changes in operating assets and liabilities:		
(Increase) decrease in pledges receivable	<u>8,890</u>	<u>8,550</u>
Net Cash Provided By (Used In) Operating Activities	\$ <u>(13,152)</u>	\$ <u>(37,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reinvestment of interest income on long-term investments	\$	\$ (24)
Redemption of certificates of deposit	<u>31,603</u>	<u> </u>
Net Cash Provided By (Used In) Investing Activities	\$ <u>31,603</u>	\$ <u>(24)</u>
Net Increase (Decrease) in Cash	\$ 18,451	\$ <u>(37,941)</u>
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>236,825</u>	<u>274,766</u>
CASH AND CASH EQUIVALENTS, End of Year	\$ <u>255,276</u>	\$ <u>236,825</u>

See Notes to Financial Statements.

HAITI MICAH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Entity

Haiti Micah Project, Inc. (the “Project”) is a not-for-profit corporation established to support mission activities in Haiti, including the development of services and programs to serve Haiti’s impoverished children. Haiti Micah Project, Inc. began its mission work in October 2006. The project currently operates a 28 bed home and operates a feeding and education program which helps up to 500 children.

Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Due to their prospective nature, actual results could differ from those estimates.

Basis of Accounting

The Project recognizes assets and liabilities and revenues and expenses on the accrual basis of accounting.

Investments

Investments are composed of certificates of deposit with maturities of greater than three months. The investments are stated at fair market value.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment

Property and equipment is stated at historical cost or fair market value at the date of contribution. The Project has adopted a capitalization policy of \$500. Property and equipment is being depreciated using the straight-line method over the useful life. Useful lives are five to seven years for furniture, fixtures and vehicles.

HAITI MICAH PROJECT, INC.**NOTES TO FINANCIAL STATEMENTS****Page 2****1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued):****Financial Statement Presentation**

Under financial accounting standards, the Project is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Unconditional promises to give are recognized as revenue and receivables in the period received. Promises to give that are due in future years are reported as temporarily restricted contributions and are released from the time restriction in the period they are collected.

The Organization writes off uncollectible pledges and contributions receivable when they are deemed uncollectible.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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.

Donated Materials and Services

Donations of services that require specialized skills are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets and as expenses in the period received. Donations of food, supplies and other items are recorded as contributions at their estimated fair value at the date of donation. Donated services and supplies that were provided to the Project during the years ended December 31, 2015 and 2014 had a recorded value of \$28,750 and \$38,951, respectively.

Functional Expenses

Expenses are charged to programs, management and general, and fundraising under an allocation plan management deems reasonable and appropriate. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Project.

HAITI MICAH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

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1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued):

Advertising Costs

Advertising costs are expensed as incurred.

Cash Flows

For purposes of reporting the statement of cash flows, the Project includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments purchased with an initial maturity of three months or less as cash and cash equivalents on the accompanying statement of financial position.

2. INCOME TAX STATUS

Haiti Micah Project, Inc., is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

3. CASH AND CASH EQUIVALENTS

At December 31, 2015 and 2014, cash consists of deposits in a checking account.

4. PLEDGE RECEIVABLE

The pledge receivable consists of a long-term pledge for the Joshua Teilking Scholarship Fund. The donors have pledged \$50,000 to be used towards the scholarships. The scholarships are for the children of Haiti who have gone through the housing or feeding program through the Haiti Micah Project.

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 10,000	\$ 10,000
Receivable in one to five years	<u>10,000</u>	<u>20,000</u>
Total Pledge Receivable	\$ 20,000	\$ 30,000
Less unamortized discount	<u>750</u>	<u>1,860</u>
Net Pledge Receivable	\$ <u>19,250</u>	\$ <u>28,140</u>

Pledges that are due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4% based on the year the pledge was received.

HAITI MICAH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

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5. INVESTMENTS

Investments included certificates of deposit with maturity dates of eleven months and four months valued at \$31,603 at December 31, 2014. The Board decided not to automatically renew the certificates of deposit in 2015 when they matured. The Project considered the certificates of deposit to be long-term investments.

6. ALLOCATION OF EXPENSES

The expenses for the year ended December 31, 2015 were allocated as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Feeding program	\$ 77,000	\$	\$	\$ 77,000
Housing program	159,045			159,045
Occupancy	13,000			13,000
Depreciation	622			622
Computer/internet	1,784			1,784
Professional fees		7,075		7,075
Miscellaneous	417	417		834
In kind donations recorded as expenses:				
Professional services	<u>10,853</u>	<u>14,375</u>	<u>3,522</u>	<u>28,750</u>
Total	<u>\$ 262,721</u>	<u>\$ 21,867</u>	<u>\$ 3,522</u>	<u>\$ 288,110</u>

The expenses for the year ended December 31, 2014 were allocated as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Feeding program	\$ 73,000	\$	\$	\$ 73,000
Housing program	113,803			113,803
Shipping costs	1,790			1,790
Occupancy	13,000			13,000
Depreciation	680			680
Computer/internet	1,884			1,884
Professional fees		7,750		7,750
Miscellaneous	201	202		403
In kind donations recorded as expenses:				
Professional services	<u>14,703</u>	<u>19,476</u>	<u>4,772</u>	<u>38,951</u>
Total	<u>\$ 219,061</u>	<u>\$ 27,428</u>	<u>\$ 4,772</u>	<u>\$ 251,261</u>

HAITI MICAH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

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7. TEMPORARILY RESTRICTED NET ASSETS

Net assets are subject to time restrictions when contributions are receivable in future periods and are subject to purpose restrictions when funds have been collected with a donor stipulation. Temporarily restricted net assets as of December 31, 2015 and 2014 were as follows:

	<u>Time</u>	<u>2015 Purpose</u>	<u>Total</u>
Other Churches	\$	\$ 7,000	\$ 7,000
Joshua Tielking Scholarship Fund	19,250	56,500	75,750
Alma Bishop Capital Campaign	<u> </u>	<u>3,469</u>	<u>3,469</u>
Total	\$ <u>19,250</u>	\$ <u>66,969</u>	\$ <u>86,219</u>

	<u>Time</u>	<u>2014 Purpose</u>	<u>Total</u>
Vocational School	\$	\$ 9,395	\$ 9,395
Other Churches		7,000	7,000
Joshua Tielking Scholarship Fund	26,310	47,830	74,140
Alma Bishop Capital Campaign	<u> </u>	<u>12,364</u>	<u>12,364</u>
Total	\$ <u>26,310</u>	\$ <u>76,589</u>	\$ <u>102,899</u>

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2016 the date which the financial statements were available for issue.