

HAITI MICAH PROJECT, INC.

FINANCIAL STATEMENTS

December 31, 2014

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BOWLING FRANKLIN & CO., LLP

ROBERT T. BISHOP, C.P.A.
ELAINE F. FARMER, C.P.A.
HARRY D. DICKINSON, PH.D., C.P.A.

CLARENCE A. BOWLING, RETIRED
HARRY B.F. FRANKLIN, JR., C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

1207 CHARLES STREET
FREDERICKSBURG, VIRGINIA 22401
(540) 373-8973
FAX (540) 371-5391

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SUITE 101
233 GARRISONVILLE ROAD
STAFFORD, VIRGINIA 22554
(540) 720-2806
FAX (540) 720-2813

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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, 2014 and 2013 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, 2014 and 2013, 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
August 28, 2015

HAITI MICAH PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	ASSETS	
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 236 825	\$ 274 766
Pledge receivable	28 140	36 690
Prepaid expenses	<u>13 000</u>	<u>13 000</u>
Total Current Assets	\$ <u>277 965</u>	\$ <u>324 456</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>9 345</u>	<u>8 664</u>
Total Property and Equipment	\$ <u>17 989</u>	\$ <u>18 670</u>
OTHER ASSETS:		
Long-term investments	\$ 31 603	\$ 31 579
Deposits	2 000	2 000
Construction in progress	<u>17</u>	<u>17</u>
Total Other Assets	\$ <u>33 620</u>	\$ <u>33 596</u>
Total Assets	\$ <u>329 574</u>	\$ <u>376 722</u>

NET ASSETS

NET ASSETS:		
Unrestricted	\$ 226 675	\$ 244 423
Temporarily restricted	<u>102 899</u>	<u>132 299</u>
Total Net Assets	\$ <u>329 574</u>	\$ <u>376 722</u>

See Notes to Financial Statements.

HAITI MICAH PROJECT, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE:		
Contributions	\$ 144 469	\$ 191 061
In kind donations	38 951	23 769
Interest income	94	180
Total Unrestricted Support And Revenue	\$ 183 514	\$ 215 010
NET ASSETS RELEASED FROM RESTRICTIONS:		
Time restriction satisfied	\$	\$ 21 776
Purpose restriction satisfied	50 000	_____
Total Net Assets Released From Restrictions	\$ 50 000	\$ 21 776
Total Unrestricted Support, Revenue and Other Support	\$ 233 514	\$ 236 786
EXPENSES:		
Feeding program	\$ 73 000	\$ 80 000
Housing program	63 803	72 200
Shipping costs	1 790	1 300
Occupancy	13 000	13 000
Depreciation	680	1 339
Computer/Internet	1 884	1 095
Vocational center	50 000	
Miscellaneous	403	516
Professional fees	7 750	7 750
Uncollectible pledges		4 335
In kind donations recorded as expenses:		
Administrative		49
Professional services	38 951	23 720
Total Expenses	\$ 251 261	\$ 205 304
Increase (Decrease) In Unrestricted Net Assets	\$ (17 747)	\$ 31 482
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Restricted contributions	\$ 20 600	\$ 41 725
Net assets released from restrictions	(50 000)	(21 776)
Increase (Decrease) In Temporarily Restricted Net Assets	\$ (29 400)	\$ 19 949
Increase (Decrease) in Net Assets	\$ (47 147)	\$ 51 431
NET ASSETS – BEGINNING OF YEAR	376 722	325 291
NET ASSETS – END OF YEAR	\$ 329 575	\$ 376 722

See Notes to Financial Statements.

HAITI MICAH PROJECT, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ (47 147)	\$ 51 431
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	680	
Vehicles donated to another non-profit		1 339
Changes in operating assets and liabilities:		
(Increase) decrease in pledges receivable	8550	9 620
(Increase) decrease in contributions receivable	<u> </u>	<u>21 776</u>
Net Cash Provided By (Used In) Operating Activities	\$ <u>(37 917)</u>	\$ <u>84 166</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reinvestment of interest income on long-term investments	\$ <u>(24)</u>	\$ <u>(46)</u>
Net Cash Provided By (Used In) Investing Activities	\$ <u>(24)</u>	\$ <u>(46)</u>
Net Increase (Decrease) in Cash	\$ <u>(37 941)</u>	\$ <u>84 120</u>
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>274 766</u>	<u>190 646</u>
CASH AND CASH EQUIVALENTS, End of Year	\$ <u>236 825</u>	\$ <u>274 766</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

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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, 2014 and 2013 had a recorded value of \$38,951 and \$23,769, 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, 2014 and 2013, 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>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 10 000	\$ 10 000
Receivable in one to five years	<u>20 000</u>	<u>30 000</u>
Total Pledge Receivable	\$ 30 000	\$ 40 000
Less unamortized discount	<u>1 860</u>	<u>3 310</u>
Net Pledge Receivable	\$ <u>28 140</u>	\$ <u>36 690</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 include certificates of deposit with maturity dates of eleven months and four months and are valued at \$31,603 and \$31,591 at December 31, 2014 and 2013, respectively. The Project considers all of these to be long-term investments.

6. ALLOCATION OF EXPENSES

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>

The expenses for the year ended December 31, 2013 were allocated as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Feeding program	\$ 80 000	\$	\$	\$ 80 000
Housing program	72 200			72 200
Shipping costs	1 300			1 300
Occupancy	13 000			13 000
Depreciation	1 339			1 339
Computer/internet	1 095			1 095
Professional fees		7 750		7 750
Uncollectible pledges			4 335	4 335
Miscellaneous	258	258		516
In kind donations recorded as expenses:				
Administrative		49		49
Professional services	<u>8 954</u>	<u>11 860</u>	<u>2 906</u>	<u>23 720</u>
Total	<u>\$ 178 146</u>	<u>\$ 19 917</u>	<u>\$ 7 241</u>	<u>\$ 205 304</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, 2014 and 2013 were as follows:

	<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>

	<u>Time</u>	<u>2013 Purpose</u>	<u>Total</u>
Vocational School	\$	\$ 40 745	\$ 40 745
Other Churches		7 000	7 000
Joshua Tielking Scholarship Fund	36 310	35 880	72 190
Alma Bishop Capital Campaign	<u> </u>	<u>12 364</u>	<u>12 364</u>
Total	<u>\$ 36 310</u>	<u>\$ 95 989</u>	<u>\$ 132 299</u>

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2015, the date which the financial statements were available for issue.