

Independent Auditor's Report and Financial Statements

HAITI EDUCATION FOUNDATION, INC.

For the year ended DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Haiti Education Foundation, Inc.
El Dorado, Arkansas

Opinion

We have audited the accompanying financial statements of Haiti Education Foundation, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of December 31, 2021, the related statements of support, revenue, and expenses – cash basis, functional expenses – cash basis, and cash flows – cash basis for the year 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 Haiti Education Foundation, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Haiti Education 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.

Haiti Education Foundation, Inc.
Independent Auditor's Report (Continued)

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 Haiti Education 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 Haiti Education 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.

Parks & Company PLC

El Dorado, Arkansas
December 12, 2022

Haiti Education Foundation, Inc.
Statement of Assets, Liabilities and Net Assets – Cash Basis
December 31, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,086,644
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TOTAL ASSETS	<u>1,086,644</u>
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LIABILITIES AND NET ASSETS

Liabilities

Payroll taxes payable	389
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Total liabilities	<u>389</u>
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Net Assets

Without Donor Restrictions	1,086,255
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With Donor Restrictions	<u>-</u>
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Total net assets	1,086,255
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,086,644</u>
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The accompanying notes are an integral part of these financial statements.

Haiti Education Foundation, Inc.
Statement of Support, Revenue and Expenses – Cash Basis
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Contributions	\$ 1,161,435	-	1,161,435
Net assets released for satisfaction of purpose restrictions	7,584	(7,584)	-
Total public support, revenues and reclassifications	<u>1,169,019</u>	<u>(7,584)</u>	<u>1,161,435</u>
Operating Expenses			
Program services			
Grants and Scholarships	659,758		659,758
Other	6,286		6,286
Total program expenses	<u>666,044</u>	<u>-</u>	<u>666,044</u>
Supporting services expense			
Management and general	32,110		32,110
Fundraising	25,281		25,281
	<u>57,391</u>	<u>-</u>	<u>57,391</u>
Total expenses	<u>723,435</u>	<u>-</u>	<u>723,435</u>
Operating income (loss)	445,584	(7,584)	438,000
Non-operating activities:			
Interest and dividend income	561	-	561
Non-operating income (loss)	561	-	561
Change in net assets	446,145	(7,584)	438,561
Net assets beginning of year	640,110	7,584	647,694
Net assets end of year	<u>\$ 1,086,255</u>	<u>\$ -</u>	<u>1,086,255</u>

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

Haiti Education Foundation, Inc.
Statement of Functional Expenses – Cash Basis
For the Year Ended December 31, 2021

	Program Services	Supporting Services			Total Functional Expenses
		Management & General	Fund Raising	Total	
Salaries	\$ -	14,118	14,943	29,061	29,061
Payroll taxes	-	1,113	1,170	2,283	2,283
Total salaries, benefits and taxes	-	15,231	16,113	31,344	31,344
Scholarships and school funding	659,758	-	-	-	659,758
Legal and accounting	-	11,543	-	11,543	11,543
Postage and delivery	-	-	1,146	1,146	1,146
Overhead					
Fees	1,200	-	-	-	1,200
Computer expense	-	3,067	767	3,834	3,834
Advertising and promotion	-	-	6,197	6,197	6,197
Office expense	181	1,071	471	1,542	1,723
Other	600	1,198	587	1,785	2,385
Transfer fees	1,469	-	-	-	1,469
Bank charges	2,836	-	-	-	2,836
	<u>\$ 666,044</u>	<u>32,110</u>	<u>25,281</u>	<u>57,391</u>	<u>723,435</u>

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

Haiti Education Foundation, Inc.
Statement of Cash Flows – Cash Basis
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Contributions from donors	<u>1,161,435</u>
	<u>1,161,435</u>
Cash paid for:	
Scholarships and educational support	(659,758)
Salaries, employee insurance and payroll taxes	(31,375)
Postage and delivery	(1,146)
Overhead	(15,339)
Professional fees	(11,543)
Bank Charges/Fees	(4,305)
	<u>(723,466)</u>
Net cash provided (used) by operating activities	<u>437,969</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Dividends and interest from investments	<u>561</u>
Net cash provided (used) by investing activities	<u>561</u>
Increase in cash and cash equivalents	438,530
Cash and cash equivalents, beginning of year	<u>648,114</u>
Cash and cash equivalents, end of year	<u>\$ 1,086,644</u>

Cash and cash equivalents are included in the following categories in the statement of financial position:

Current assets - Cash and cash equivalents	<u>\$ 1,086,644</u>
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ 438,000
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in payroll taxes payable	(31)
Net cash provided (used) by operating activities	<u>\$ 437,969</u>

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

Haiti Education Foundation, Inc.
Notes to Financial Statements
December 31, 2021

NOTE 1: PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Haiti Education Foundation, Inc. (“the Foundation”) is a non-profit corporation governed by a Board of Directors (the “Board”). The purpose of the Foundation is to provide funding for the education of children living in the remote mountains of southern Haiti through sponsoring thirty-four elementary schools and three high schools.

Basis of Accounting

The financial statements have been prepared using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed 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. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, mutual fund money market accounts and all short-term investments with maturity dates of three months or less.

Compensated Absences

The Foundation has not accrued compensated absences because the amount is considered to be immaterial to the financial statements.

Revenue and Revenue Recognition

The Foundation’s primary source of revenue is from donations received throughout the year.

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received.

Haiti Education Foundation, Inc.
Notes to Financial Statements
December 31, 2021

NOTE 1: PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct costs of the program or service or on management's analysis of time devoted to the respective activities for costs shared between programs and services.

Income Taxes

The Foundation is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). In addition, the Foundation qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A) and has been classified as an organization other than a private foundation under IRC Section 509(a)(2).

Contributed Services

Contributed services are not recorded due to the lack of specialization of the labor, difficulty of placing a monetary value on them and the absence of control over them. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising.

Subsequent Events

Management has evaluated events through December 12, 2022, the date the financial statements were available to be issued.

NOTE 2: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,086,644
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NOTE 3: CONCENTRATIONS

The Foundation maintains a checking account at a local bank. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 per institution. As of December 31, 2021, uninsured cash balances totaled \$677,056.

NOTE 4: ACCOUNTING FOR UNCERTAIN TAX POSITIONS

Accounting Standards Codification (ASC) Topic 74, Income Taxes, requires an entity to recognize a liability for taxes to the extent of any unrelated business income as defined by IRS Regulations. The Foundation is liable for income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Foundation believes it had no unrelated business income in 2021 and that it is more likely than not that this position would be sustained upon examination.

Additionally, no tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions at December 31, 2021. The organization is generally no longer subject to examination by the Internal Revenue Service for the fiscal years before 2018.

Haiti Education Foundation, Inc.
Notes to Financial Statements
December 31, 2021

NOTE 5: SUBSEQUENT EVENTS

The Foundation's operations may be affected by the ongoing outbreak of coronavirus disease (COVID-19) and its variants. The ultimate disruption caused by the coronavirus is uncertain; however, it may result in a material adverse impact on the Foundation's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Foundation's operations and revenues.