

MISSION OF HOPE HAITI, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

MISSION OF HOPE HAITI, INC.
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JUNE 30, 2022

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SCPA Group, LLC

CERTIFIED PUBLIC ACCOUNTANTS | A MEMBER OF THE S|CPA NETWORK

To the Management and Board of Directors
Mission of Hope Haiti, Inc.
Cedar Park, Texas

Opinion

We have audited the accompanying consolidated financial statements of Mission of Hope Haiti, Inc., ("the Organization", a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Consolidated financial statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

A handwritten signature in black ink that reads "S/CPA Group, LLC". The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

SCPA Group, LLC
Austin, Texas
April 4, 2023

MISSION OF HOPE HAITI, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Assets

Cash and Cash Equivalents	\$ 3,765,552
Accounts Receivable	27,762
Promises to Give	1,762,975
Employee Receivables	8,130
Other Assets	147,447
Inventory	1,897,110
Investments	87,636
Property and Equipment, Net	16,651,215
Construction in Process	<u>5,254,874</u>
Total Assets	\$ <u><u>29,602,701</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable and Accrued Expenses	\$ 386,617
Deferred Revenue	204,559
Line of Credit	200,984
Notes Payable	<u>1,400,368</u>
Total Liabilities	2,192,528

Net Assets

Without Donor Restrictions	24,778,115
With Donor Restrictions	<u>2,632,058</u>
Total Net Assets	<u><u>27,410,173</u></u>
Total Liabilities and Net Assets	\$ <u><u>29,602,701</u></u>

See Independent Auditors' Report
The Accompanying Notes are an Integral Part of these Consolidated Financial Statements

MISSION OF HOPE HAITI, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 3,073,530	\$ 9,206,751	\$ 12,280,281
Contributed Goods and Services	20,078,431	-	20,078,431
Contributed Property	25,000	-	25,000
Activities and Programs	803,289	-	803,289
Special Events, Net	1,523,687	-	1,523,687
Other Income	1,010,382	-	1,010,382
 Total Support and Revenues	 26,514,319	 9,206,751	 35,721,070
 Net Assets Released from Restrictions	 8,656,038	 (8,656,038)	 -
 Total Support, Revenues and Reclassifications	 35,170,357	 550,713	 35,721,070
Expenses			
Program Services	31,600,664	-	31,600,664
General and Administrative	1,182,741	-	1,182,741
Fundraising	1,856,796	-	1,856,796
 Total Expenses	 34,640,201	 -	 34,640,201
 Change In Net Assets	 530,156	 550,713	 1,080,869
 Net Assets - Beginning of Year	 24,247,959	 2,081,345	 26,329,304
 Net Assets - End of Year	 <u>\$ 24,778,115</u>	 <u>\$ 2,632,058</u>	 <u>\$ 27,410,173</u>

See Independent Auditors' Report
The Accompanying Notes are an Integral Part of these Consolidated Financial Statements

MISSION OF HOPE HAITI, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Program Services	General and Administrative	Fundraising	Total Expenses
Conferences, Conventions, and Meetings	\$ 10,169	\$ 250	\$ 393,731	\$ 404,150
Finance Charge	19,151	210,282	(5,394)	224,039
Humanitarian Support	167,256	-	-	167,256
Insurance	76,674	105,841	-	182,515
Office Expense	293,690	35,230	107,168	436,088
Other Expenses	625	47,073	7,398	55,096
Personnel Expenses	2,415,105	1,750,911	956,836	5,122,852
Professional Fees	719,118	230,127	117,295	1,066,540
Program Expense	3,005,800	3,202	75,719	3,084,721
Rent and Utilities Expense	103,182	98,101	2,562	203,845
Repairs and Maintenance	659,462	9,677	2,276	671,415
Telecommunication	73,199	60,573	-	133,772
Transactions Fees	23,347	-	-	23,347
Transfers	1,470,321	(1,474,046)	(3,502)	(7,227)
Travel Expenses	636,329	105,520	202,707	944,556
Depreciaton	611,232	-	-	611,232
GIK Exepense	21,316,004	-	-	21,316,004
	<u>\$ 31,600,664</u>	<u>\$ 1,182,741</u>	<u>\$ 1,856,796</u>	<u>\$ 34,640,201</u>

See Independent Auditors' Report
The Accompanying Notes are an Integral Part of these Consolidated Financial Statements

MISSION OF HOPE HAITI, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities

Change in Net Assets	\$ 1,080,869
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	611,232
Gain from forgiveness of PPP loan	(579,315)
Gain on sale of land	(153,750)
Gain on investments	(59,835)
(Increase) Decrease in:	
Accounts Receivable	(27,762)
Promises to Give	338,413
Employee Receivables	12,295
Other Assets	(105,331)
Inventory	1,243,044
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	(41,939)
Deferred Revenue	123,850
Net Cash Provided by Operating Activities	<u>2,441,771</u>

Cash Flows from Investing Activities

Additions to Construction in Process	(1,052,209)
Purchases of Property and Equipment	(284,912)
Net Cash Used in Investing Activities	<u>(1,337,121)</u>

Cash Flows from Financing Activities

Repayments on Line of Credit, net	(157,016)
Principal Payments on Long-Term Debt	(101,043)
Net Cash Used in Financing Activities	<u>(258,059)</u>

Net Change in Cash and Cash Equivalents

846,591

Cash and Cash Equivalents - Beginning of Year

2,918,961

Cash and Cash Equivalents - End of Year

\$ 3,765,552

Supplemental Disclosures

Contributed Goods, Services and Property	<u>\$ 20,103,431</u>
Transfer of Mortgage Note Payable upon Sale of Land	<u>\$ 1,200,000</u>
Interest Paid	<u>\$ 76,477</u>
Transfer of Construction in Process to Property and Equipment	<u>\$ 886,454</u>

See Independent Auditors' Report
The Accompanying Notes are an Integral Part of these Consolidated Financial Statements

MISSION OF HOPE HAITI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Activities

Mission of Hope Haiti, Inc. (Mission of Hope), is a not-for-profit, faith-based corporation organized under Internal Revenue Code Section 501(c)(3) in the State of Ohio on May 23, 2001. The Vision of the Organization is to bring life transformation to every man, woman, and child in Haiti by following Jesus Christ. The Organization fulfills this Vision both in Haiti and the Dominican Republic by executing on the following core initiatives: church advancement, educational development, health care, orphan care, and the HaitiOne network. The Organization operates in Haiti as Foundation Mission de l'Espoir (Mission de l'Espoir), a registered Non-Government Organization in Haiti, and in the Dominican Republic as Fundación MOH Dominican Republic, a registered not-for-profit organization in the Dominican Republic. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The donor base of Mission of Hope Haiti, Inc. consists primarily of residents of the United States of America and Canada.

Principles of Consolidation

The consolidated financial statements include the accounts of Mission of Hope and its wholly-owned subsidiaries Foundation Mission de l'Espoir and Fundación MOH Dominican Republic (collectively, "the Organization"). All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting

The accounts of the Organization are maintained and the accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when the obligation is incurred.

Financial Statement Presentation

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles for not-for-profit organizations, which focuses on donor-imposed restrictions.

Accordingly, net assets and changes therein are classified as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed restrictions. Such assets are available for any purpose consistent with the Organization's mission.

With Donor Restrictions – Net assets subject to specific, donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions must be met by actions of the Organization and/or the passage of time. Such assets normally fund specific expenditures of a specific operating or capital nature. Other net assets are subject to donor-imposed restrictions requiring they be maintained permanently by the Organization. Such assets are normally restricted to long-term investments with income earned and appreciation available for specific or general Organization purposes. The Organization had no permanently restricted net assets as of June 30, 2022.

Liquidity

Assets are presented in the accompanying consolidated statement of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

MISSION OF HOPE HAITI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Contributions

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less, and are included as current assets as of June 30, 2022.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments with insignificant interest rate risk purchased with a maturity of three months or less to be cash equivalents. In the normal course of business, the Organization may maintain cash held at financial institutions in excess of the FDIC limit of \$250,000. As of the balance sheet date, the Organization had \$3,540,158 of cash not insured by the FDIC.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on historic experience and management's individual analysis of outstanding promises to give. There was no allowance determined necessary as of June 30, 2022.

Functional Allocation of Expenses

The costs of providing various programs and supporting services of the Organization are allocated based on the best estimates of management. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. All expenses are allocated based on time and effort.

Inventory

Inventories at year-end consist of food and supplies derived from received gifts-in-kind (GIK) and have not been distributed or used as of the end of the fiscal year. The value of the remaining inventory is based on the estimated fair value as of the date of the donation, and determined by the first-in, first-out method.

MISSION OF HOPE HAITI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for 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 support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or purchased and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method calculated over the estimated useful lives of three through forty years. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. The cost of maintenance and repairs that do not materially prolong the useful lives of assets is expensed as incurred.

Contributed Services and Gift-in-Kind Goods Donated

Contributed services meeting the requirement for recognition in the consolidated financial statements are recorded at the fair market value of professional services rendered. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with programs and fundraising activities; however, no amounts have been reflected in the financial statements as these services do not meet the requirement for recognition. The Organization received approximately 135,000 volunteer hours for the year ended June 30, 2022.

Gifts-in-Kind (GIK) Received: The organization received GIK donations of food, clothing and medication for use in programs that support its mission and vision. Such gifts are recorded at estimated fair value on the date of donation based on the quantities donated, their condition and utility for use, by using wholesale pricing guides and sources. During the year ended June 30, 2022, donated goods were recorded totaling \$20,078,431. These gifts were predominately contributed by other non-profit corporations and private donors, and were utilized for nutrition and hospital programs hosted by the Organization.

Income Tax

The Internal Revenue Service has determined that the Organization is a nonprofit Church that is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements. The Organization follows the income tax standard for uncertain tax positions. The Organization evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2022.

MISSION OF HOPE HAITI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

Note 2 - Concentrations

During the year ended June 30, 2022, the Organization received approximately 67% of its revenues from contributed goods from one donor.

Note 3 - Promises to Give

Unconditional promises to give as of June 30, 2022, are as follows:

Receivable in less than one year	\$ 1,406,340
Receivable in one to five years	372,500
Receivable in more than five years	-
Total unconditional promises to give	<u>1,778,840</u>
Less: Discounts to net present value	<u>(15,865)</u>
Net unconditional promises to give	<u>\$ 1,762,975</u>

Note 4 - Property and Equipment, Net

Property and equipment, net, as of June 30, 2022, consisted of the following:

Buildings and Improvements	\$ 19,142,247
Vehicles and Ship	1,653,579
Land	1,452,240
Furniture and Equipment	336,226
	<u>22,584,292</u>
Less: Accumulated Depreciation	<u>(5,933,077)</u>
Total	<u>\$ 16,651,215</u>

Depreciation expense during the year ended June 30, 2022, totaled \$611,232.

Note 5 - Construction in Process

Construction in process consisted of the following as of June 30, 2022:

Titanyen Homes	\$ 2,370,354
Titanyen Sports Complex	1,478,283
Titanyen Solar Project	960,317
Tech School	445,920
	<u>\$ 5,254,874</u>

MISSION OF HOPE HAITI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

Note 6 - Line of Credit

The Organization has a \$550,000 revolving line of credit with WaterStone to facilitate working capital needs. The line of credit is secured by substantially all assets held by the Organization. The line of credit bears interest at a rate of 5% as of June 30, 2022. Interest payments are due monthly with all outstanding principal and interest due May 31, 2023. The unused balance of the credit line was \$349,016 as of June 30, 2022.

The Organization also has a \$300,000 revolving line of credit with Truist Bank to facilitate working capital needs. The line of credit is secured by substantially all assets held by the Organization. The line of credit bears interest at a rate of 3.25% as of June 30, 2022. Interest payments are due monthly with all outstanding principal and interest due January 5, 2023. The unused balance of the credit line was \$300,000 as of June 30, 2022.

Note 7 - Notes Payable

In October 2018, the Organization entered into a mortgage note payable, secured by a building in Texas, for \$1,557,000 and bearing a 3.37% interest rate. The note matures in October 2028, and carried an outstanding principal balance of \$1,400,368 as of June 30, 2022.

Maturities of Long-Term Debt as of June 30, 2022, are as follows:

2023	\$	53,156
2024		56,211
2025		59,440
2026		63,007
2027 and thereafter		1,168,554
Total	\$	<u>1,400,368</u>

Note 8 – Paycheck Protection Program Loan

On February 25, 2021, the Organization received loan proceeds in the amount of \$579,315 under the Paycheck Protection Program (the PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan and accrued interest are forgivable as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The Organization believes that all proceeds will be used on qualifying expenses.

On October 26, 2021, the Small Business Administration provided complete forgiveness of the PPP loan, including \$3,830 in accrued interest. The Organization has recognized the forgiveness of the loan as Other Income in fiscal year 2022.

MISSION OF HOPE HAITI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2022:

Designated Projects	\$ 119,711
Disaster Relief	240,828
College Scholarships	30,064
Church Advancement Projects	32,435
A&M Missions	23,517
Business Mentorship Program	3,251
Pastoral Training	17,899
Farm Field School	4,463
Memorial Fund	2,407
Agriculture/Meal Packing Program	204,885
Women's Ministry	122,593
RKECT	111,548
Team Hope	382,657
Construction Projects	1,335,800
	<u>\$ 2,632,058</u>

Note 10 - Lease Commitment

In July 2021 the Organization entered into a 12 month non-cancellable lease for an office in Austin, Texas. In 2022, the lease was extended through August 31, 2023. The Organization also has lease obligations related to operations in the Dominican Republic. These leases expire at various dates through August 2023. For accounting purposes, all leases are treated as operating leases. Lease expense for the year ended June 30, 2022, totaled \$27,857

The minimum future lease payments under operating leases as of June 30, 2022, are as follows:

2023	\$ 35,119
2024	<u>2,716</u>
Total	<u>\$ 37,835</u>

MISSION OF HOPE HAITI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

Note 11 – Liquidity and Availability

The table below presents financial assets available for general expenditures within one year as of June 30, 2022:

Financial assets at year-end:

Cash and cash equivalents	\$ 3,765,552
Accounts receivable	27,762
Promises to give (receivable in less than one year)	1,406,340
Employee receivables	8,130
Total financial assets	<u>\$ 5,207,784</u>

There were no net assets with purpose restrictions that were not expected to be met within the next year.

In addition to financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization's goal is generally to maintain financial assets to meet four months of operating expenses. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents.

Note 12 - Subsequent Events

Management has evaluated subsequent events through April 4, 2023, the date on which the consolidated financial statements were available to be issued.