

**The St. Luke Foundation  
for Haiti**  
(A Nonprofit Organization)

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**Independent Auditor's Report and  
Financial Statements  
December 31, 2019 and December 31, 2018**

# The St. Luke Foundation for Haiti

## (A Nonprofit Organization)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The St. Luke Foundation for Haiti  
(A Nonprofit Organization)

We have audited the accompanying financial statements of The St. Luke Foundation for Haiti (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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 from 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 auditor's 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 and appropriate 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 St. Luke Foundation for Haiti as of December 31, 2019 and 2018, 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.

*Kaiser Scherer & Schlegel, PLLC*

McLean, VA  
December 23, 2020

# The St. Luke Foundation for Haiti

## (A Nonprofit Organization)

### Statements of Financial Position

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 955,138	\$ 283,130
Investments, at fair value	20,642	2,144
<b>Total assets</b>	<b>\$ 975,780</b>	<b>\$ 285,274</b>
<b>Liabilities and net assets</b>		
Accounts payable	\$ 5,000	\$ -
<b>Total Liabilities</b>	<b>5,000</b>	<b>-</b>
<b>Net Assets</b>		
Without donor restrictions	571,568	235,274
With donor restrictions	399,212	50,000
<b>Total net assets</b>	<b>970,780</b>	<b>285,274</b>
<b>Total liabilities and net assets</b>	<b>\$ 975,780</b>	<b>\$ 285,274</b>

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

# The St. Luke Foundation for Haiti

## (A Nonprofit Organization)

### Statement of Activities

<i>Year ended December 31, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, gains, and support</b>			
Contributions and gifts	\$ 2,453,480	\$ 1,447,652	\$ 3,901,132
Investment return	863	-	863
Donated services	132,660	-	132,660
<b>Total revenue, gains and support</b>	<b>2,587,003</b>	<b>1,447,652</b>	<b>4,034,655</b>
<b>Net assets released from restrictions</b>			
Satisfaction of program restrictions for medical	426,400	(426,400)	-
Satisfaction of restrictions for education	155,000	(155,000)	-
Satisfaction of equipment acquisition restrictions	7,000	(7,000)	-
Satisfaction of program restrictions for disaster relief	510,040	(510,040)	-
Total net assets released from restrictions	1,098,440	(1,098,440)	-
<b>Total revenue, gains, support and assets released from restrictions</b>	<b>3,685,443</b>	<b>349,212</b>	<b>4,034,655</b>
<b>Expenses</b>			
Program services	3,222,276	-	3,222,276
Management and general	59,532	-	59,532
Fundraising	67,341	-	67,341
<b>Total expenses</b>	<b>3,349,149</b>	<b>-</b>	<b>3,349,149</b>
<b>Change in net assets</b>	<b>336,294</b>	<b>349,212</b>	<b>685,506</b>
<b>Net assets, beginning of year</b>	<b>235,274</b>	<b>50,000</b>	<b>285,274</b>
<b>Net assets, end of year</b>	<b>\$ 571,568</b>	<b>\$ 399,212</b>	<b>\$ 970,780</b>

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

# The St. Luke Foundation for Haiti

## (A Nonprofit Organization)

### Statement of Activities

<i>Year ended December 31, 2018</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, gains, and support</b>			
Contributions and gifts	\$ 1,035,072	\$ 1,527,445	\$ 2,562,517
Investment return	2,401	-	2,401
Donated services	124,580	-	124,580
<b>Total revenue, gains and support</b>	<b>1,162,053</b>	<b>1,527,445</b>	<b>2,689,498</b>
<b>Net assets released from restrictions</b>			
Satisfaction of program restrictions	1,532,418	(1,532,418)	-
Satisfaction of equipment acquisition restrictions	110,392	(110,392)	-
Satisfaction of construction restrictions	49,600	(49,600)	-
Total net assets released from restrictions	1,692,410	(1,692,410)	-
<b>Total revenue, gains, support and assets released from restrictions</b>	<b>2,854,463</b>	<b>(164,965)</b>	<b>2,689,498</b>
<b>Expenses</b>			
Program services	3,101,126	-	3,101,126
Management and general	48,930	-	48,930
Fundraising	40,540	-	40,540
<b>Total expenses</b>	<b>3,190,596</b>	<b>-</b>	<b>3,190,596</b>
<b>Change in net assets</b>	<b>(336,133)</b>	<b>(164,965)</b>	<b>(501,098)</b>
<b>Net assets, beginning of year</b>	<b>571,407</b>	<b>214,965</b>	<b>786,372</b>
<b>Net assets, end of year</b>	<b>\$ 235,274</b>	<b>\$ 50,000</b>	<b>\$ 285,274</b>

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

**The St. Luke Foundation for Haiti**  
**(A Nonprofit Organization)**

**Statements of Functional Expenses**

***Year Ended December 31, 2019***

	<u>Program</u>	<u>Supporting Services</u>			<u>Total Expenses</u>
		<u>Administration</u>	<u>Fundraising</u>	<u>Total Support</u>	
Donated services	\$ 59,140	\$ 33,380	\$ 40,140	\$ 73,520	\$ 132,660
Program expenses	89,918	-	-	-	89,918
Grant expenditures	3,073,218	-	-	-	3,073,218
Bank charges	-	2,585	-	2,585	2,585
Software and other	-	3,930	216	4,146	4,146
Travel	-	-	19,176	19,176	19,176
Accounting and audit	-	27,446	-	27,446	27,446
	<b>\$ 3,222,276</b>	<b>\$ 67,341</b>	<b>\$ 59,532</b>	<b>\$ 126,873</b>	<b>\$ 3,349,149</b>

***Year Ended December 31, 2018***

	<u>Program</u>	<u>Supporting Services</u>			<u>Total Expenses</u>
		<u>Administration</u>	<u>Fundraising</u>	<u>Total Support</u>	
Donated services	\$ 63,240	\$ 22,580	\$ 38,760	\$ 61,340	\$ 124,580
Program expenses	295,976	-	-	-	295,976
Grant expenditures	2,741,910	-	-	-	2,741,910
Bank charges	-	2,713	-	2,713	2,713
Legal and professional fees	-	1,945	1,780	3,725	3,725
Accounting and audit	-	21,692	-	21,692	21,692
	<b>\$ 3,101,126</b>	<b>\$ 48,930</b>	<b>\$ 40,540</b>	<b>\$ 89,470</b>	<b>\$ 3,190,596</b>

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



# The St. Luke Foundation for Haiti

## (A Nonprofit Organization)

### Statements of Cash Flows

<i>Year Ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Donations	\$ 3,883,430	\$ 2,550,113
Payments to program vendors	(89,918)	(263,433)
Payments to grantee	(3,073,218)	(2,741,910)
Payments for general and administrative expenses	(28,961)	(33,365)
Payments for fundraising expenses	(19,392)	(1,780)
<b>Net cash provided by (used in) operating activities:</b>	<b>671,941</b>	<b>(490,375)</b>
<b>Cash flows from investing activities</b>		
Dividends received	67	-
Proceeds from stock sale	-	44,278
<b>Net cash provided by investing activities</b>	<b>67</b>	<b>44,278</b>
Net increase (decrease) in cash	672,008	(446,097)
Cash and cash equivalents, beginning of year	283,130	729,227
<b>Cash and cash equivalents, end of year</b>	<b>\$ 955,138</b>	<b>\$ 283,130</b>
<b>Supplemental cash flow information:</b>		
Noncash donated investments	\$ 17,702	\$ 12,404

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

# **The St. Luke Foundation for Haiti**

## **(A Nonprofit Organization)**

### **Notes to Financial Statements**

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#### **1. Nature of Activities**

##### **Organization**

The St. Luke Foundation for Haiti ("the Foundation"), a nonprofit organization, is a religious, educational, and charitable organization established in December 2010 by Father Leo Richard Frechette to provide support to capacitate Haitian young adults through funds and training, to set up community school systems and healthcare systems, and to generate employment through creative enterprise to improve life in Haiti at the grass root level.

The Foundation raises funds primarily through personal appeals, internet appeals, and direct mail solicitations conducted by volunteers in the United States and Haiti.

During the years ended December 31, 2019 and 2018, \$3,222,276 and \$3,101,126, respectively of equipment, medicine and cash donations were transferred under various grant agreements to the Foundation to La Fondation St. Luc ("St. Luc"), a like-minded nonprofit charitable organization in Haiti. The St. Luc programs provide medical care, education, employment opportunities and humanitarian aid to the Haitian poor. Certain funds raised by the Foundation are designated for specific St. Luc programs. All St. Luc programs are geared toward education, development, and sustainability. The St. Luc mission also organizes large food and water distribution programs, relief assistance in hurricanes and disasters, mobile medical clinics, job creation programs, virtual online studies including travel abroad, burial of the indigent dead, and other programs.

The president of the Foundation is actively involved in all St. Luc's programs. The funding of the particular projects is based on the designation of the donation as well as on the financial needs. While sharing common goals, the Foundation and St. Luc are economically independent and have separate and distinct boards of directors. Therefore, St. Luc is not included in these financial statements nor was it audited in conjunction with the Foundation's audit.

#### **2. Significant Accounting Policies**

##### ***Financial Statement Presentation***

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

##### ***New Accounting Pronouncement***

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), which is intended to improve how a not-for-profit entity classifies its

# The St. Luke Foundation for Haiti

## (A Nonprofit Organization)

### Notes to Financial Statements

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net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment return, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. The ASU includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires a not-for-profit entity to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for the Foundation for the year ended December 31, 2019 and 2018. The Foundation has adopted ASU No. 2016-14 and has implemented its specific requirements on their financial condition, results of operations and disclosures.

#### *Cash and Cash Equivalents*

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Such cash equivalents consist of interest-bearing money market accounts and certificates of deposit.

#### *Investments*

Investments in equity securities are reported at fair value. The Foundation generally does not hold investments and generally sells donated equities as close to the donation date as possible. As of December 31, 2019 and 2018, the Foundation's investments consisted of equities that were measured at quoted prices in active markets. Unrealized and realized gains and losses are included in the accompanying statement of activities.

#### *Net Assets*

GAAP requires classification of net assets and revenues, gains and losses based on the existence or absence of donor-imposed restrictions.

##### Net assets without donor restrictions

Net assets without donor restrictions are available for use at the discretion of the Foundation's Board for general operating purposes and may be expended for any purpose in performing the primary objectives of the Foundation. From time to time, the Foundation's Board may designate assets without donor restrictions for specific operational purposes which makes them unavailable for use at management's discretion.

##### Net assets with donor restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose, restrictions.

# **The St. Luke Foundation for Haiti**

## **(A Nonprofit Organization)**

### **Notes to Financial Statements**

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The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Contributions restricted to the purchase of property or equipment are considered to be met when the asset is placed in service.

Some donor restrictions are perpetual in nature, whereby the donor has stipulated the funds or other assets be maintained in perpetuity. As of December 31, 2019 and 2018, the Foundation had no net assets with permanent donor restrictions.

#### ***Public Support, Revenue and Expenses***

The Foundation recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made or when ownership of donated assets to be used directly in operations has been transferred to the Foundation. Contributions received are reported as either revenue without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or subject to legal restrictions.

When donor restrictions expire, this is, when the purpose restriction is fulfilled, or the time restriction expires – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. It is the Foundation's policy to record donor-restricted contributions received and expended in the same accounting period as contributions with donor restrictions and as net assets released from restrictions.

Income earned on net assets with donor restrictions is classified as with restrictions or without restrictions in accordance with the donor's stipulation.

Other revenue is recorded when earned.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

#### ***Methods Used for Allocation of Expenses from Management and General Activities***

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Those expenses include donated services which are allocated based on estimates of time and effort.

# The St. Luke Foundation for Haiti

## (A Nonprofit Organization)

### Notes to Financial Statements

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#### *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Date of Management's Review*

Management evaluated subsequent events through December 23, 2020, the date these financial statements were available to be issued, and there were no subsequent events that required disclosure.

#### *Income Taxes*

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the US Internal Revenue Service as other than a private foundation.

The Foundation, although a tax-exempt organization, is subject to taxes on unrelated business income. It has been determined that there was no taxable income from unrelated business activities for the years ended December 31, 2019 and 2018. The Foundation's Forms 990 Return of Organization Exempt from Income Tax, for the years ending 2019 and 2018 are subject to examination by the IRS generally for three year after they were filed.

### **3. Donated Services**

During the year ended December 31, 2019 and 2018, the Foundation received donated services with an estimated fair value of approximately \$132,660 and \$124,580, respectively. Approximately twelve volunteers provide general management, program management, treasury functions, fundraising, donor relationship, and web services. Each volunteer estimates the hours provided, and management estimates the applicable rate based on national wage surveys for like organizations. Each volunteer uses his/her own personal computer and desk space. The value of the office related use has been deemed immaterial and is not included in these financial statements.

Many other volunteers have contributed significant amounts of their time to activities of the Foundation. However, since those donated services neither create or enhance nonfinancial assets nor require specialized skills, the value of those services is not recorded in the accompanying financial statements. Management has not quantified the amount or value of those donated services.

# The St. Luke Foundation for Haiti

## (A Nonprofit Organization)

### Notes to Financial Statements

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#### 4. Liquidity

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets, December 31, 2019	\$955,138
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Subject to appropriations and satisfaction of donor restrictions	<u>(399,212)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$555,926</u>

#### 5. Net Assets with Donor Restrictions

Net assets with donor restrictions include contributions restricted for operations, medical related costs, education, disaster relief, schools and hospitals. As of December 31, 2019 and 2018, \$399,212 and \$50,000, respectively, of net assets with donor restrictions were available for educational, medical, disaster relief, and construction expenditures.

#### 6. Related Party Transactions and Concentrations of Funding

The Foundation receives significant support from Our Little Brothers and Sisters, Inc. ("OLBS VA"), whose executive director is the Foundation's Treasurer. During the year ended December 31, 2019, the Foundation received \$323,245 from OLBS VA and \$200,000 from the Treasurer totaling \$523,245 or 13% of total support. During the year ended December 31, 2018, the Foundation received \$653,053 from OLBS, VA, which represented 25% of total support.

During the years ended December 31, 2019 and 2018, the Foundation provided \$3,222,276 and \$3,101,126, respectively, to St. Luc or its vendors, which represented approximately 100% of its total funds provided to recipients.

#### 7. Concentration of Credit Risk

The Foundation maintains cash balances that periodically exceed the federally insured amount of \$250,000, which exposes the Foundation to credit risk in the event of non-performance by the institution. The Foundation monitors its financial institutions' performance to mitigate this risk.