

**THE ST. LUKE FOUNDATION
FOR HAITI**

Financial Statements
Year Ended

December 31, 2021 and 2020

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

THE ST. LUKE FOUNDATION FOR HAITI
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 11

To the Board of Directors
The St. Luke Foundation for Haiti

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of The St. Luke Foundation for Haiti (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years 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 The St. Luke Foundation for Haiti as of December 31, 2021, 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.

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 The St. Luke Foundation for Haiti and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 The St. Luke Foundation for Haiti's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 The St. Luke Foundation for Haiti'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 The St. Luke Foundation for Haiti'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.

Sassetti LLC

Oak Brook, Illinois

May 3, 2022

THE ST. LUKE FOUNDATION FOR HAITI
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,361,559	\$ 209,436
Investments, at fair value	4,982	25,626
Prepaid expenses	-	9,003
Total Assets	\$ 1,366,541	\$ 244,065
LIABILITIES		
Accounts payable	\$ 20,050	\$ 2,767
Total Liabilities	20,050	2,767
NET ASSETS		
Without donor restrictions	1,295,956	167,982
With donor restrictions	50,535	73,316
Total Net Assets	1,346,491	241,298
Total Liabilities and Net Assets	\$ 1,366,541	\$ 244,065

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

THE ST. LUKE FOUNDATION FOR HAITI
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Totals	Without Donor Restriction	With Donor Restriction	Totals
REVENUES AND OTHER SUPPORT						
Contributions and gifts	\$ 2,967,714	\$ 3,468,818	\$ 6,436,532	\$ 2,480,944	\$ 600,060	\$ 3,081,004
Investment return	(158)	-	(158)	835	-	835
Donated services and goods	790,154	-	790,154	130,403	-	130,403
Net assets released from restriction	3,491,599	(3,491,599)	-	925,956	(925,956)	-
Total Revenues and Other Support	<u>7,249,309</u>	<u>(22,781)</u>	<u>7,226,528</u>	<u>3,538,138</u>	<u>(325,896)</u>	<u>3,212,242</u>
EXPENSES						
Program services	5,978,885	-	5,978,885	3,819,314	-	3,819,314
Management and general	93,316	-	93,316	82,217	-	82,217
Fundraising	49,134	-	49,134	40,193	-	40,193
Total Expenses	<u>6,121,335</u>	<u>-</u>	<u>6,121,335</u>	<u>3,941,724</u>	<u>-</u>	<u>3,941,724</u>
CHANGE IN NET ASSETS	<u>1,127,974</u>	<u>(22,781)</u>	<u>1,105,193</u>	<u>(403,586)</u>	<u>(325,896)</u>	<u>(729,482)</u>
NET ASSETS						
Beginning of year	<u>167,982</u>	<u>73,316</u>	<u>241,298</u>	<u>571,568</u>	<u>399,212</u>	<u>970,780</u>
End of year	<u>\$ 1,295,956</u>	<u>\$ 50,535</u>	<u>\$ 1,346,491</u>	<u>\$ 167,982</u>	<u>\$ 73,316</u>	<u>\$ 241,298</u>

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

THE ST. LUKE FOUNDATION OF HAITI
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Totals	Program Services	Management and General	Fundraising	Totals
Donated services and goods	\$ 714,544	\$ 42,810	\$ 32,800	\$ 790,154	\$ 50,753	\$ 42,960	\$ 36,690	\$ 130,403
Program services	756,967	-	-	756,967	200,392	-	-	200,392
Grant expenditures	4,507,374	-	-	4,507,374	3,568,169	-	-	3,568,169
Bank charges	-	2,145	-	2,145	-	2,714	-	2,714
Donation processing fees	-	-	8,250	8,250	-	-	-	-
Software and other	-	7,025	5,999	13,024	-	6,138	2,781	8,919
Travel	-	-	2,085	2,085	-	-	722	722
Accounting and audit	-	41,336	-	41,336	-	30,405	-	30,405
Total	\$ 5,978,885	\$ 93,316	\$ 49,134	\$ 6,121,335	\$ 3,819,314	\$ 82,217	\$ 40,193	\$ 3,941,724

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

THE ST. LUKE FOUNDATION FOR HAITI
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,105,193	\$ (729,482)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Realized and unrealized gains on securities	159	(420)
Donated securities	(37,703)	(67,690)
Changes in operating assets and liabilities -		
Decrease (Increase) in prepaid expense	9,003	(9,003)
Increase (Decrease) increase in accounts payable	17,283	(2,233)
Net Cash Provided by (Used in) Operating Activities	1,093,935	(808,828)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	58,188	63,126
Net Cash Provided by Investing Activities	58,188	63,126
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,152,123	(745,702)
CASH AND CASH EQUIVALENTS		
Beginning of year	209,436	955,138
End of year	\$ 1,361,559	209,436
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

THE ST. LUKE FOUNDATION FOR HAITI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of 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, 2021 and 2020, \$5,981,030 and \$3,822,028, respectively, of equipment, medicine and cash donations were transferred under various grant agreements from the Foundation to La Fondation St. Luc (“St.Luc”) and to Nos Petits Frères et Sœurs (NPFS), like-minded nonprofit charitable organizations 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 and disasters, mobile medical clinics, job creation programs, virtual online studies including travel abroad, burial of the indigent dead, and other programs.

Basis of Accounting - The accounting records and the accompanying financial statements have been maintained and prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - The Foundation follows generally accepted accounting principles specific to not-for-profit accounting. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The net assets of the Foundation are reported in the two self-balancing groups as follows:

- Net Assets without Donor Restrictions: Net assets without donor restrictions are for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purpose which makes them unavailable for use at management’s discretion.

THE ST. LUKE FOUNDATION FOR HAITI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

- 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 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 donor restriction and reported in the statements of activities as net assets released from restrictions.

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, 2021 and 2020, the Foundation had no net assets with permanent donor restrictions.

Use of Accounting 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 contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purpose of the statement of cash flows, the Foundation considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments with a maturity of three months or less to be 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, 2021 and 2020, the Foundation's investments consist of equities that were measured at the quoted price in active markets. Unrealized and realized gains and losses are included in the accompanying statement of activities.

THE ST. LUKE FOUNDATION FOR HAITI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Revenue Recognition - Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. The Foundation reports such gifts as restricted support and revenues if they are subject to time or donor-imposed restrictions. Donor restricted net assets are reclassified to net assets without donor restricted net assets and reported in the statements of activities as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished or both. 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. Conditional contributions are not reported as support and revenues until the conditions are met. Payments classified as exchange transactions (reciprocal transfers between two entities in which goods and services of equal value is exchanged) are not recorded as other support and revenues until allowable expenditures are incurred.

Functional Allocation of Expenses – Indirect functional expenses have been allocated between applicable program services based on an analysis of personnel time. Expenses directly attributable to a specific program or functional area are reported as expenses of those functional areas. Expenses allocated include donated services.

Income Taxes - The Foundation is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management believes that it did not engage in any unrelated business activities; thus, no provision for income tax has been provided for in the financial statements. The Foundation's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events – The Foundation has evaluated subsequent events through May 3, 2022, which is the date the financial statements were available to be issued.

2. DONATED SERVICES

During the year ended December 31, 2021 and 2020, the Foundation received donated goods and services with an estimated fair value of approximately \$790,154 and \$130,403, respectively. Approximately fourteen 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 in these financial statements.

THE ST. LUKE FOUNDATION FOR HAITI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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.

3. 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.

4. 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, 2021, the Foundation received \$45,450 from OLBS VA. During the year ended December 31, 2020, the Foundation received \$75,000 from OLBS, VA.

During the years ended December 31, 2021 and 2020, the Foundation provided \$5,930,580 and \$3,822,028, respectively, to St. Luc or its vendors, which represented approximately 99% of its total funds provided to recipients. During the year ending December 31, 2021 the Foundation provided \$50,450 to Nos Petits Frères et Soeurs (NPFS).

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, 2021 and 2020, \$50,535 and \$73,316, respectively, of net assets with donor restrictions were available for educational, medical, disaster relief, and construction expenditures.

6. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation operates on a consistent annual cycle, with their primary expenditures related to the payment of grants, various other budgeted administrative, fundraising expenses and other expenditures as a result of fulfilling the Foundation's mission. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation's financial assets available for general expenditure within one year of the statement of financial position date of December 31, 2021 and 2020, are as following:

THE ST. LUKE FOUNDATION FOR HAITI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash and cash equivalents	\$ 1,361,559	\$ 209,436
Investments	<u>4,982</u>	<u>25,626</u>
Total financial assets available to management for general expenditure within one year	<u>1,366,541</u>	<u>235,062</u>
Less: amounts restricted by donor-purpose or time	<u>(50,535)</u>	<u>(73,316)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,316,006</u>	<u>\$ 161,746</u>

7. UNCERTAINTIES AND COVID-19

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response. As a result, economic uncertainties have arisen which are likely to negatively impact future cash flows. Other financial impact could occur though such potential impact is unknown at this time. The magnitude, timing, and duration of any such potential financial impacts cannot be reasonably estimated at this time.

