

**THE ST. LUKE FOUNDATION
FOR HAITI**

Financial Statements

Year Ended

December 31, 2020 and 2019

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

THE ST. LUKE FOUNDATION FOR HAITI
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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



Board of Directors
The St. Luke Foundation for Haiti

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' 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.



Board of Directors
The St. Luke Foundation for Haiti

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' 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, 2020, 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.

Other Matter

The December 31, 2019 financial statements were audited by other auditors. That auditor issued an unmodified opinion on those financial Statements dated December 23, 2020, and they have not performed any auditing procedures since that date. In our Opinion, the information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it was derived.

Sassetti LLC

Oak Park, Illinois
June 1, 2021

THE ST. LUKE FOUNDATION FOR HAITI
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 209,436	\$ 955,138
Investments, at fair value	25,626	20,642
Prepaid expenses	9,003	-
Total Assets	<u>\$ 244,065</u>	<u>\$ 975,780</u>
LIABILITIES		
Accounts payable	\$ 2,767	\$ 5,000
Total Liabilities	<u>2,767</u>	<u>5,000</u>
NET ASSETS		
Without donor restrictions	167,982	571,568
With donor restrictions	73,316	399,212
Total Net Assets	<u>241,298</u>	<u>970,780</u>
Total Liabilities and Net Assets	<u>\$ 244,065</u>	<u>\$ 975,780</u>

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

THE ST. LUKE FOUNDATION FOR HAITI
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020, AND 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Totals	Without Donor Restriction	With Donor Restriction	Totals
REVENUES AND OTHER SUPPORT						
Contributions and gifts	\$ 2,480,944	\$ 600,060	\$ 3,081,004	\$ 2,453,480	\$ 1,447,652	\$ 3,901,132
Investment return	835	-	835	863	-	863
Donated services and goods	130,403	-	130,403	132,660	-	132,660
Net assets released from restriction	925,956	(925,956)	-	1,098,440	(1,098,440)	-
Total Revenues and Other Support	3,538,138	(325,896)	3,212,242	3,685,443	349,212	4,034,655
EXPENSES						
Program services	3,819,314	-	3,819,314	3,222,276	-	3,222,276
Management and general	82,217	-	82,217	67,341	-	67,341
Fundraising	40,193	-	40,193	59,532	-	59,532
Total Expenses	3,941,724	-	3,941,724	3,349,149	-	3,349,149
CHANGE IN NET ASSETS	(403,586)	(325,896)	(729,482)	336,294	349,212	685,506
NET ASSETS						
Beginning of year	571,568	399,212	970,780	235,274	50,000	285,274
End of year	\$ 167,982	\$ 73,316	\$ 241,298	\$ 571,568	\$ 399,212	\$ 970,780

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, 2020 AND 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Totals	Program Services	Management and General	Fundraising	Totals
Donated services and goods	\$ 50,753	\$ 42,960	\$ 36,690	\$ 130,403	\$ 59,140	\$ 33,380	\$ 40,140	\$ 132,660
Program services	200,392	-	-	200,392	89,918	-	-	89,918
Grant expenditures	3,568,169	-	-	3,568,169	3,073,218	-	-	3,073,218
Bank charges	-	2,714	-	2,714	-	2,585	-	2,585
Software and other	-	6,138	2,781	8,919	-	3,930	216	4,146
Travel	-	-	722	722	-	-	19,176	19,176
Accounting and audit	-	30,405	-	30,405	-	27,446	-	27,446
Total	\$ 3,819,314	\$ 82,217	\$ 40,193	\$ 3,941,724	\$ 3,222,276	\$ 67,341	\$ 59,532	\$ 3,349,149

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, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (729,482)	\$ 685,506
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Realized and unrealized gains on securities	(420)	(832)
Donated securities	(67,690)	(17,666)
Changes in operating assets and liabilities -		
(Increase) in prepaid expense	(9,003)	-
(Decrease) increase in accounts payable	(2,233)	5,000
Net Cash (Used in) Provided by Operating Activities	(808,828)	672,008
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	63,126	-
Net Cash Provided by Investing Activities	63,126	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(745,702)	672,008
CASH AND CASH EQUIVALENTS		
Beginning of year	955,138	283,130
End of year	\$ 209,436	\$ 955,138
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, 2020 AND 2019

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 year ended December 31, 2020 and 2019, \$3,822,028 and \$3,222,276, respectively of equipment, medicine and cash donations were transferred under various grant agreements from 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 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.
- 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.

THE ST. LUKE FOUNDATION FOR HAITI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, 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, 2020 and 2019, 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.

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.

THE ST. LUKE FOUNDATION FOR HAITI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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.

Adopted Accounting Pronouncements - FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. It also provides additional guidance on how to determine if a contribution is conditional. The new standard was adopted for the Foundation's December 31, 2020 financial statements. Implementation of the standard did not require reclassification or restatement of any opening balances related to the periods presented.

Reclassification – Certain reclassifications have been made to the December 31, 2019 balances in order to conform to the current year presentation.

Subsequent Events – The Foundation has evaluated subsequent events through June 1, 2021, which is the date the financial statements were available to be issued.

2. DONATED SERVICES

During the year ended December 31, 2020 and 2019, the Foundation received donated goods and services with an estimated fair value of approximately \$130,403 and \$132,660, 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 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

THE ST. LUKE FOUNDATION FOR HAITI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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, 2020, the Foundation received \$75,000 from OLBS VA. During the year ended December 31, 2019, the Foundation received \$323,245 from OLBS, VA and \$200,000 from the Treasurer totaling \$523,245.

During the years ended December 31, 2020 and 2019, the Foundation provided \$3,822,028 and \$3,222,276, respectively, to St. Luc or its vendors, which represented approximately 100% of its total funds provided to recipients.

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, 2020 and 2019, \$73,316 and \$399,212, 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 ST. LUKE FOUNDATION FOR HAITI

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

The Foundation's financial assets available for general expenditure within one year of the statement of financial position date of December 31, 2020 and 2019, are as following:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 209,436	\$ 955,138
Investments	<u>25,626</u>	<u>20,642</u>
Total financial assets available to management for general expenditure within one year	<u>235,062</u>	<u>975,780</u>
Less: amounts restricted by donor-purpose or time	<u>(73,316)</u>	<u>(399,212)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 161,746</u>	<u>\$ 576,568</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.