St. Boniface Haiti Foundation, Inc.

Financial Statements

Years Ended June 30, 2012 and 2011

Kirkland Albrecht & Fredrickson, LLC

CERTIFIED PUBLIC ACCOUNTANTS

ST. BONIFACE HAITI FOUNDATION, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

ST. BONIFACE HAITI FOUNDATION, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Boniface Haiti Foundation, Inc.
Randolph, Massachusetts

We have audited the accompanying statements of financial position of St. Boniface Haiti Foundation, Inc. as of June 30, 2012 and 2011, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of St. Boniface Haiti Foundation, Inc.'s management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Boniface Haiti Foundation, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kirkland Albrecht & Fredrickson, LLC

Kirkland Albrecht & Fredrickson, LLC
Braintree, Massachusetts

December 27, 2012

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Financial Position
June 30, 2012 and 2011

ASSETS

	2012	2011
CURRENT ASSETS:		
Cash	**$ 983,811**	$ 1,019,765
Accounts receivable	**30,500**	139,255
Contribution receivable	**2,400**	-
Inventory	**1,299,052**	1,405,535
Prepaid expenses and other assets	**33,994**	68,532
Deposits	**1,875**	1,875
Total current assets	**2,351,632**	2,634,962
PROPERTY AND EQUIPMENT, NET	**1,521,338**	1,217,657
INVESTMENTS, AT FAIR VALUE	**1,602,261**	1,520,432
Total assets	**$ 5,475,231**	$ 5,373,051

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	**$ 265,276**	$ 201,052
Deferred revenue	**771,679**	649,287
Total current liabilities	**1,036,955**	850,339
NET ASSETS:		
Unrestricted	**4,151,431**	4,251,034
Temporarily restricted	**286,845**	271,678
Total net assets	**4,438,276**	4,522,712
Total liabilities and net assets	**$ 5,475,231**	$ 5,373,051

See notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Activities and Change in Net Assets

Years Ended June 30, 2012 and 2011

	2012			2011		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT:						
Contributions	**$ 965,653**	**$ 391,404**	**$ 1,357,057**	$ 1,479,942	$ 446,312	$ 1,926,254
In-kind contributions	**2,630,990**	**-**	**2,630,990**	3,557,370	-	3,557,370
Foundation grants	**1,241,212**	**-**	**1,241,212**	681,941	-	681,941
Contracts and government grants	**1,190,113**	**-**	**1,190,113**	1,336,497	-	1,336,497
Hospital revenue	**136,802**	**-**	**136,802**	171,868	-	171,868
Net assets released from restriction	**376,237**	**(376,237)**	**-**	1,296,231	(1,296,231)	-
Total revenue, gain and other support	**6,541,007**	**15,167**	**6,556,174**	8,523,849	(849,919)	7,673,930
EXPENSES:						
Program services:						
Hospital	**3,714,648**	**-**	**3,714,648**	3,369,400	-	3,369,400
AIDS prevention and treatment	**604,616**	**-**	**604,616**	1,027,060	-	1,027,060
Spinal cord injury programs	**471,564**	**-**	**471,564**	-	-	-
Education programs	**306,226**	**-**	**306,226**	189,008	-	189,008
Other programs	**921,642**	**-**	**921,642**	825,248	-	825,248
Total program services	**6,018,696**	**-**	**6,018,696**	5,410,716	-	5,410,716
Supporting services:						
General and administrative	**403,910**	**-**	**403,910**	304,200	-	304,200
Fundraising	**296,197**	**-**	**296,197**	175,140	-	175,140
Total supporting services	**700,107**	**-**	**700,107**	479,340	-	479,340
Total expenses	**6,718,803**	**-**	**6,718,803**	5,890,056	-	5,890,056
Change in net assets from the operating activities	**(177,796)**	**15,167**	**(162,629)**	2,633,793	(849,919)	1,783,874
NON-OPERATING ACTIVITIES:						
Investment income	**70,590**	**-**	**70,590**	49,530	-	49,530
Realized and unrealized gains on investments	**7,603**	**-**	**7,603**	58,890	-	58,890
Change in net assets from non-operating activities	**78,193**	**-**	**78,193**	108,420	-	108,420
CHANGE IN NET ASSETS	**(99,603)**	**15,167**	**(84,436)**	2,742,213	(849,919)	1,892,294
Net assets, beginning of year	**4,251,034**	**271,678**	**4,522,712**	1,508,821	1,121,597	2,630,418
Net assets, end of year	**$ 4,151,431**	**$ 286,845**	**$ 4,438,276**	$ 4,251,034	$ 271,678	$ 4,522,712

See notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Statement of Functional Expenses
Year Ended June 30, 2012

	Program Services						Supporting Services			
	Hospital	AIDS Prevention and Treatment	Spinal Cord Injury Programs	Education Programs	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 450,111	$ 250,929	$ 240,067	$ 21,420	$ 443,339	$ 1,405,866	$ 213,720	$ 150,080	$ 363,800	$ 1,769,666
Fringe benefits	59,714	34,296	30,938	2,352	51,271	178,571	27,205	14,089	41,294	219,865
Supplies	2,669,108	75,455	95,288	34,827	137,332	3,012,010	19,653	62,627	82,280	3,094,290
Consultants	406,109	7,828	12,362	5,276	63,115	494,690	-	-	-	494,690
Other program expenses	(8,638)	97,933	15,254	119,916	107,637	332,102	5,184	100	5,284	337,386
Depreciation	105,055	113,938	35,866	1,883	5,494	262,236	9,596	-	9,596	271,832
Other expenses	11,588	-	1,894	118,320	29,164	160,966	28,986	60,730	89,716	250,682
Travel	21,101	8,237	39,895	2,232	76,790	148,255	5,237	8,421	13,658	161,913
Audit and legal fees	-	16,000	-	-	7,500	23,500	38,291	-	38,291	61,791
Rent	-	-	-	-	-	-	48,000	-	48,000	48,000
Accounting and fundraising consulting	500	-	-	-	-	500	8,038	150	8,188	8,688
	$ 3,714,648	$ 604,616	$ 471,564	$ 306,226	$ 921,642	$ 6,018,696	$ 403,910	$ 296,197	$ 700,107	$ 6,718,803

ST. BONIFACE HAITI FOUNDATION, INC.

Statement of Functional Expenses

Year Ended June 30, 2011

	Program Services					Supporting Services			
	Hospital	AIDS Prevention and Treatment	Education Programs	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 424,905	$ 499,277	$ 13,215	$ 206,175	$ 1,143,572	$ 130,191	$ 80,833	$ 211,024	$ 1,354,596
Fringe benefits	109,006	71,419	976	22,599	204,000	24,815	6,362	31,177	235,177
Supplies	2,355,530	154,422	6,170	221,607	2,737,729	8,642	59,039	67,681	2,805,410
Consultants	338,075	8,936	-	4,978	351,989	-	-	-	351,989
Other expenses	265	182	46,428	259,115	305,990	21,520	21,345	42,865	348,855
Other program expenses	28,683	141,346	121,933	49,268	341,230	-	-	-	341,230
Depreciation	88,067	70,940	-	2,780	161,787	9,281	-	9,281	171,068
Travel	24,869	23,534	286	58,726	107,415	7,848	7,561	15,409	122,824
Audit and legal fees	-	35,004	-	-	35,004	26,346	-	26,346	61,350
Accounting and fundraising consulting	-	22,000	-	-	22,000	37,200	-	37,200	59,200
Rent	-	-	-	-	-	38,357	-	38,357	38,357
	$ 3,369,400	$ 1,027,060	$ 189,008	$ 825,248	$ 5,410,716	$ 304,200	$ 175,140	$ 479,340	$ 5,890,056

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	**$ (84,436)**	$ 1,892,294
Adjustments to reconcile change in net assets to net cash provided in operating activities:		
Depreciation	**271,832**	171,068
In-kind donated property and equipment	**(194,295)**	(67,573)
In-kind donated investments	**(15,359)**	-
Realized and unrealized gains on investments	**(7,603)**	(58,890)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**108,755**	(139,255)
Contribution receivable	**(2,400)**	-
Inventory	**106,483**	(1,066,369)
Prepaid expenses and other assets	**34,538**	(60,901)
Increase (decrease) in:		
Accounts payable and accrued expenses	**64,224**	151,493
Deferred revenue	**122,392**	649,287
Net cash provided in operating activities	**404,131**	1,471,154
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	**(1,128,162)**	(1,931,256)
Proceeds from sale of investments	**1,069,295**	892,646
Purchase of property and equipment	**(189,874)**	(345,411)
Increase in construction in progress	**(191,344)**	(108,000)
Net cash used in investing activities	**(440,085)**	(1,492,021)
NET DECREASE IN CASH	**(35,954)**	(20,867)
CASH AT BEGINNING OF YEAR	**1,019,765**	1,040,632
CASH AT END OF YEAR	**$ 983,811**	$ 1,019,765
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	**$ -**	$ -
NON-CASH INVESTING ACTIVITIES:		
Donated property and equipment	**$ 194,295**	$ 67,573
Donated investments	**15,359**	-
	$ 209,654	$ 67,573

See notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2012 and 2011

1. ORGANIZATION

St. Boniface Haiti Foundation, Inc. (the "Foundation") is a nonprofit organization dedicated to consistently and significantly aiding the poor people of Fond des Blancs, a rural region of the Republic of Haiti. The Foundation is the primary financial supporter of and provides significant operational resources to the St. Boniface Hospital located in Fond des Blancs. The Foundation conducts outreach and education programs, provides humanitarian aid, and sponsors work retreats, all of which contribute to the area's economic, social and environmental development. The Foundation is supported by donations and is governed by a Board of Trustees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Classification and Reporting of Net Assets – The Foundation follows the Financial Accounting Standards Board Accounting Standards Codification "FASB ASC" Subtopic *Presentation of Financial Statements* for not-for-profit entities. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Unrestricted net assets* – Net assets of the Foundation that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for support of the Foundation as well as funds invested in property, plant and equipment. The Foundation may designate portions of its unrestricted net assets as board designated for various purposes.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes. As of June 30, 2012 and 2011, the Foundation had no permanently restricted net assets.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These differences could be significant.

Cash – The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Accounts Receivable – Accounts receivable are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the need for an allowance by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2012 and 2011, the Foundation considers accounts receivable to be fully collectable; accordingly no allowance for doubtful accounts is required.

Inventory – Inventory consists of medicines, pharmacy supplies and nutrition program food which are stated at cost or fair value, if received by donation. Cost is determined on the first-in, first-out method.

Property and Equipment – Property and equipment purchased for use by the Foundation is recorded at cost or fair value, if received by donation, at the time such properties are received. Expenditures in the nature of normal repairs and maintenance are expensed as incurred. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Description	Years
Building	30
Furniture and equipment	3-5
Vehicles	3-5

The Foundation follows the practice of capitalizing all expenditures for property and equipment in excess of $1,000.

Construction in Progress – Costs associated with construction of major projects are accumulated until completion of the project. The completed asset is then depreciated over its useful life after being placed in service.

Valuation of Long-Lived Assets – The Foundation accounts for the valuation of long-lived assets in accordance with the FASB ASC Topic *Property, Plant and Equipment.* This Topic requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At June 30, 2012 and 2011, the Foundation has determined that no long-lived assets are impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Fair Value Measurement – The Foundation follows the provisions of *Fair Value Measurements and Disclosures* Topic of the FASB ASC. This Topic clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The *Fair Value Measurements and Disclosures* Topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy are described below.

Level 1 – Quoted prices that are available in active markets for identical assets or liabilities.

Level 2 – Inputs other than level 1 inputs that are either directly or indirectly observable.

Level 3 – Unobservable inputs based on the Foundation's assessment of the assumptions that market participants would use in pricing the asset or liability.

The following is a description of the valuation methodologies used for asset investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2012 and 2011.

- **Investments** – All investments have been reported in the financial statements at fair value. The fair value of money market funds, corporate bonds, common stock, municipal bonds, mutual funds, and government bonds are valued based upon quoted prices from an active market. These securities are categorized in Level 1 as they are actively traded and no valuation adjustments have been applied.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the certain financial instruments could result in a different fair value measurement at the reporting date.

Investments – Investments, which consist of money market funds, corporate bonds, common stock, municipal bonds, mutual funds and government bonds, are measured at fair value in the accompanying statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as increases in unrestricted net assets or temporarily restricted net assets if restricted by the donor.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Endowment – The Foundation's endowment includes funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Foundation follows the provisions of Subtopic 205 of the FASB ASC that relates to "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds". This FASB ASC Subtopic provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws). Effective June 30, 2009, the Commonwealth of Massachusetts adopted UPMIFA in its General Laws chapter 180A. Among UPMIFA's most significant changes is the elimination of the concept of historic dollar value threshold, the amount below which an organization cannot spend from a fund, in favor of a more robust set of guidelines about what constitutes prudent spending. The FASB ASC Subtopic serves as a guideline for states to use in enacting legislation. This guidance also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

Return Objectives and Risk Parameters
The Foundation has adopted investment and spending policies for endowment assets that attempt to pursue a strategic investment plan that, over the long term, is expected to enhance the real purchasing power of the Foundation's assets while not impairing its ability to meet current obligations. Endowment assets represent Board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that compare favorably with the results achieved by investment managers of endowment funds with similar investment objectives while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Endowment…continued

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Foundation's policy is to reinvest all earnings of the endowment assets. Any expenditures from the endowment assets must be supported by the Board of Trustees and be consistent with the intent of the Board designation for that fund. This is consistent with the Foundation's objective to ensure that the future growth of the endowment assets is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment assets held for future operations as well as to provide additional real growth through new gifts and investment return. **Board Designated Unrestricted Funds** are designated by the Board of Trustees to support operations of the Foundation.

***Revenue Recognition* –** Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as net assets released from restrictions.

The Foundation records hospital revenue from the St. Boniface Hospital in Haiti when services are rendered. The Foundation's AIDS prevention and treatment program is supported by contracts and grants funded by federal agencies.

Contributions – Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions received with donor-imposed restrictions that are fulfilled in the same year as received are reported as unrestricted support.

In-Kind Contributions – Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset category. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported as revenues of the temporarily restricted net asset category; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

In-Kind Contributions…continued – Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The fair market value of medical services donated by physicians and medical centers is reflected in the financial statements. Donated investments are reported at fair value at the date of receipt, which is then treated as the Foundation's cost basis.

A significant portion of the Foundation's activities is conducted by unpaid officers, board members and volunteers. The value of administrative and work retreat volunteer contributed time is not reflected in the accompanying financial statements since their time does not meet the criteria necessary for recognition.

Income Tax Status – The Foundation is qualified under Section 501(c) (3) of the Internal Revenue Code and is exempt from Federal and state income taxes.

The Foundation accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. This Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. This Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At June 30, 2012, management believes that the Foundation has no material uncertain tax positions.

The Foundation files informational tax returns in the U.S. Federal and Massachusetts state jurisdictions. Management believes the Foundation is no longer subject to U.S. federal and state examinations by tax authorities for years before fiscal year 2009.

Functional Expenses – Functional expenses are allocated to the various programs based on direct expenses, which can be identified to the program, and indirect expenses, which are beneficial to more than one program. The indirect expenses are allocated based upon a cost allocation plan using appropriate methods such as time studies, square footage, mileage, etc.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Recent Accounting Pronouncements – In May 2011, FASB issued Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs, (ASU 2011-04).* ASU 2011-04 amended Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The management of the Foundation is currently evaluating the effect that the provisions of ASU 2011-04 will have on the financial statements.

Subsequent Events – The Foundation has evaluated all events subsequent to the statement of financial position date of June 30, 2012, through the date which the financial statements were available to be issued, December 27, 2012, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events.*

3. INVENTORY

Inventory at June 30, 2012 and 2011, consisted of the following as of June 30:

	2012	2011
Nutrition program food	$ 14,374	$ 35,123
Medicines and pharmacy supplies	1,284,678	1,370,412
Total	$ 1,299,052	$ 1,405,535

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30:

	2012	2011
Land	$ 97,167	$ 26,300
Buildings	821,268	815,453
Furniture and equipment	1,154,479	854,636
Vehicles	626,578	618,935
Construction in progress	299,344	108,000
	2,998,836	2,423,324
Less accumulated depreciation	1,477,498	1,205,667
Property and equipment, net	$ 1,521,338	$ 1,217,657

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2012 and 2011

4. PROPERTY AND EQUIPMENT, NET…continued

Construction in progress represents costs incurred in connection with the construction of a spinal cord center, a maternity center and a house for the pregnant women at risk. Completion of the spinal cord center is expected by December 2012 and the estimated total cost of the project is approximately $267,000. Completion of the maternity center is expected by November 2013 and the estimated total cost is $615,000. Completion of the new house for pregnant women at risk is expected by November 2012 and the estimated total cost of the project is $11,000.

Depreciation expense for the years ended June 30, 2012 and 2011 totaled $271,832 and $171,068, respectively.

5. FAIR VALUE MEASUREMENT

Assets Measured at Fair Value on a recurring basis as of June 30, 2012 are as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 22,727	$ -	$ -	$ 22,727
Corporate bonds	710,289	-	-	710,289
Common stock:				
Industrials	94,969	-	-	94,969
Financials	47,530	-	-	47,530
Information technology	30,985	-	-	30,985
Consumer staples	28,767	-	-	28,767
Materials	28,321	-	-	28,321
Health care	24,990	-	-	24,990
Consumer discretionary	23,747	-	-	23,747
Energy	22,885	-	-	22,885
Telecommunication service	11,018	-	-	11,018
Utilities	6,466	-	-	6,466
	319,678	-	-	319,678
Municipal bonds	273,074	-	-	273,074
Mutual funds:				
Intermediate-term bond	92,236	-	-	92,236
Financial services	44,676	-	-	44,676
High yield bond	29,280	-	-	29,280
Real estate	25,610	-	-	25,610
	191,802	-	-	191,802
Government bonds	84,691	-	-	84,691
	$ 1,602,261	$ -	$ -	$ 1,602,261

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2012 and 2011

5. FAIR VALUE MEASUREMENT...continued

Assets Measured at Fair Value on a recurring basis as of June 30, 2011 are as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 37,221	$ -	$ -	$ 37,221
Corporate bonds	587,124	-	-	587,124
Common stock:				
Financials	119,085	-	-	119,085
Information technology	36,815	-	-	36,815
Consumer discretionary	29,406	-	-	29,406
Industrials	27,053	-	-	27,053
Health care	26,994	-	-	26,994
Energy	26,687	-	-	26,687
Consumer staples	17,688	-	-	17,688
Materials	14,002	-	-	14,002
Telecommunication service	7,069	-	-	7,069
Utilities	6,580	-	-	6,580
	311,379	-	-	311,379
Municipal bonds	303,392	-	-	303,392
Mutual funds:				
Intermediate-term bond	90,378	-	-	90,378
Emerging market	31,467	-	-	31,467
High yield bond	29,379	-	-	29,379
Real estate	24,105	-	-	24,105
Managed future	17,331	-	-	17,331
	192,660	-	-	192,660
Government bonds	88,656	-	-	88,656
	$ 1,520,432	$ -	$ -	$ 1,520,432

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2012 and 2011

6. INVESTMENTS

Investments at June 30, 2012 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain (Loss)
Money market	$ 22,727	$ 22,727	$ -
Corporate bonds	710,289	701,574	8,715
Common stock	319,678	310,721	8,957
Municipal bonds	273,074	270,472	2,602
Mutual funds	191,802	194,119	(2,317)
Government bonds	84,691	84,081	610
	$ 1,602,261	$ 1,583,694	$ 18,567

Investments at June 30, 2011 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain (Loss)
Money market	$ 37,221	$ 37,221	$ -
Corporate bonds	587,124	588,643	(1,519)
Common stock	311,379	277,579	33,800
Municipal bonds	303,392	297,735	5,657
Mutual funds	192,660	190,364	2,296
Government bonds	88,656	86,840	1,816
	$ 1,520,432	$ 1,478,382	$ 42,050

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2012 and 2011:

	2012	2011
Investment income	$ 70,590	$ 49,530
Net realized and unrealized gain (losses) on investments	7,603	58,890
	$ 78,193	$ 108,420

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2012 and 2011

7. ENDOWMENT

Endowment Net Asset Composition by Type of Fund as of June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated	$ 1,602,261	$ -	$ -	$ 1,602,261
Total endowment funds	$ 1,602,261	$ -	$ -	$ 1,602,261

Changes in Endowment Net Assets for the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,520,432	$ -	$ -	$ 1,520,432
Investment return:				
Investment income	67,673	-	-	67,673
Net appreciation (realized and unrealized)	7,603	-	-	7,603
Investment expense	(8,806)	-	-	(8,806)
Total investments return	66,470	-	-	66,470
Other changes:				
Investements donated	15,359	-	-	15,359
Total other changes	15,359	-	-	15,359
Endowment net assets, end of year	$ 1,602,261	$ -	$ -	$ 1,602,261

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2012 and 2011

7. ENDOWMENT…continued

Endowment Net Asset Composition by Type of Fund as of June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated	$ 1,520,432	$ -	$ -	$ 1,520,432
Total endowment funds	$ 1,520,432	$ -	$ -	$ 1,520,432

Changes in Endowment Net Assets for the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 422,932	$ -	$ -	$ 422,932
Investment return:				
Investment income	45,771	-	-	45,771
Net appreciation (realized and unrealized)	58,890	-	-	58,890
Investment expense	(7,161)	-	-	(7,161)
Total investments return	97,500	-	-	97,500
Other changes:				
Transfers out	(250,000)	-	-	(250,000)
Transfers in	1,250,000	-	-	1,250,000
Total other changes	1,000,000	-	-	1,000,000
Endowment net assets, end of year	$ 1,520,432	$ -	$ -	$ 1,520,432

8. IN-KIND CONTRIBUTIONS

The Foundation received $2,630,990 and $3,557,370, respectively of in-kind contributions for the years ended June 30, 2012 and 2011, respectively. Following is a breakdown of the sources of income and the categories of expenses and assets for in-kind contributions:

	2012	2011
Income received:		
Services provided by medical personnel	$ 358,400	$ 313,965
Medicines/food	1,446,952	2,705,474
Property and equipment	194,295	67,573
Investments	15,359	-
Other supplies	615,984	470,358
Total in-kind contributions received	$ 2,630,990	$ 3,557,370
Expenses reported:		
Supplies	$ 2,062,936	$ 3,175,832
Consultants	358,400	313,965
Total in-kind expenses reported	2,421,336	3,489,797
Assets reported:		
Property and equipment	194,295	67,573
Investments	15,359	-
Total in-kind expenses and assets reported	$ 2,630,990	$ 3,557,370

9. COMMITMENT

In November 2010, The Foundation entered into a lease agreement for its office space in Randolph, Massachusetts that expires in October 2013. The total monthly lease payment is $4,000 per month.

Total minimum future lease payments under the operating lease are as follows:

Years	Amounts
2013	$ 48,000
2014	16,000
	$ 64,000

Lease expense for the years ended June 30, 2012 and 2011 was $48,000 and $38,357, respectively.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2012 and 2011

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30 2011 and 2010:

	2012	2011
Building construction and repairs projects	$ 119,725	$ 94,725
Education programs	55,543	60,825
Nutrition programs	46,439	56,380
Community development projects	43,014	10,006
Spinal cord injury program	11,238	15,000
Catastrophic Illness Fund	6,586	6,586
Other programs	1,900	2,000
Time restriction	2,400	-
Nursing program	-	14,492
Social service program	-	11,664
Total temporarily restricted net assets	$ 286,845	$ 271,678

11. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses or costs satisfying the restricted purposes or by occurrence of events specified by the donors consisted of the following as of June 30, 2012 and 2011:

	2012	2011
Hospital program	$ 89,719	$ 126,164
Other programs	83,825	97,562
Education programs	79,205	109,199
Nursing program	43,205	16,078
Community development projects	23,791	22,471
Building construction and repairs projects	26,125	-
Nutrition programs	14,941	18,400
Social service program	11,664	481
Spinal cord injury program	3,762	-
Haiti Earthquake Disaster Relief program	-	903,113
Catastrophic Illness Fund	-	2,763
	$ 376,237	$ 1,296,231

12. RETIREMENT PLAN

The Foundation has a qualified defined contribution retirement plan (the Plan) for all eligible employees in Randolph, Massachusetts. The Plan is designed in accordance with the provisions of Section 403(b) of the Internal Revenue Code. Contributions are made by the Plan participants based on participant elections. Under the plan, employees may contribute up to the IRS indexed maximum amount for each calendar year. In addition, the Foundation may make matching contributions to the plan at the discretion of the Board of Directors. During the years ended June 30, 2012 and 2011, the Foundation did not make any contribution to the Plan.