

ST. BONIFACE HAITI FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

ST. BONIFACE HAITI FOUNDATION, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of St. Boniface Haiti Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and change in net assets, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 2016 financial statements referred to above present fairly, in all material respects, the financial position of St. Boniface Haiti Foundation, Inc. as of June 30, 2016, 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 Matters

Prior Year Financial Statements

The financial statements of St. Boniface Haiti Foundation, Inc. as of June 30, 2015, were audited by other auditors whose report dated November 24, 2015, expressed an unmodified opinion on those statements.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
March 28, 2017

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Financial Position

June 30, 2016 and 2015

	<u>ASSETS</u>	
	2016	2015
CURRENT ASSETS:		
Cash	\$ 1,757,246	\$ 637,366
Accounts receivable	219,489	120,670
Contributions receivable	525,311	91,150
Inventory	3,298,445	752,177
Prepaid expenses and other assets	43,058	46,486
	<hr/>	
Total current assets	5,843,549	1,647,849
PROPERTY AND EQUIPMENT, NET	5,092,958	3,525,381
INVESTMENTS, AT FAIR VALUE	2,165,929	2,143,802
	<hr/>	
Total assets	\$ 13,102,436	\$ 7,317,032
	<hr/> <hr/>	
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 354,227	\$ 255,791
Deferred revenue	1,245,940	123,057
	<hr/>	
Total current liabilities	1,600,167	378,848
	<hr/>	
NET ASSETS:		
Unrestricted	10,719,719	6,589,922
Temporarily restricted	682,550	248,262
Permanently restricted	100,000	100,000
	<hr/>	
Total net assets	11,502,269	6,938,184
	<hr/>	
Total liabilities and net assets	\$ 13,102,436	\$ 7,317,032
	<hr/> <hr/>	

See accompanying notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2016 and 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT:								
Contributions	\$ 1,992,790	\$ 2,195,097	\$ -	\$ 4,187,887	\$ 3,053,136	\$ 475,720	\$ -	\$ 3,528,856
In-kind contributions	7,719,601	-	-	7,719,601	4,583,287	-	-	4,583,287
Foundation grants	898,143	-	-	898,143	991,597	-	-	991,597
Contracts and government grants	1,516,070	-	-	1,516,070	821,169	-	-	821,169
Hospital revenue	141,937	-	-	141,937	158,074	-	-	158,074
Endowment appropriation	6,653	-	-	6,653	2,866	-	-	2,866
Net assets released from capital restrictions	1,317,503	(1,317,503)	-	-	194,114	(194,114)	-	-
Net assets released from program restrictions	443,306	(443,306)	-	-	403,399	(403,399)	-	-
Total revenue, gains and other support	14,036,003	434,288	-	14,470,291	10,207,642	(121,793)	-	10,085,849
EXPENSES:								
Program services:								
Hospital	6,505,657	-	-	6,505,657	5,595,936	-	-	5,595,936
Maternal & child health	894,004	-	-	894,004	307,768	-	-	307,768
Spinal cord injury programs	524,427	-	-	524,427	483,951	-	-	483,951
Infectious disease, AIDS prevention and treatment	386,739	-	-	386,739	437,578	-	-	437,578
Surgical program	316,311	-	-	316,311	-	-	-	-
Education programs	162,142	-	-	162,142	152,213	-	-	152,213
Other programs	112,040	-	-	112,040	275,998	-	-	275,998
Villa Clinic	107,046	-	-	107,046	-	-	-	-
Improvement programs	67,700	-	-	67,700	23,206	-	-	23,206
Total program services	9,076,066	-	-	9,076,066	7,276,650	-	-	7,276,650
Supporting services:								
General and administrative	602,099	-	-	602,099	569,765	-	-	569,765
Fundraising	335,706	-	-	335,706	491,383	-	-	491,383
Total supporting services	937,805	-	-	937,805	1,061,148	-	-	1,061,148
Total expenses	10,013,871	-	-	10,013,871	8,337,798	-	-	8,337,798
Change in net assets from operating activities	4,022,132	434,288	-	4,456,420	1,869,844	(121,793)	-	1,748,051
NON-OPERATING ACTIVITIES:								
Investment fees	(11,889)	-	-	(11,889)	(12,710)	-	-	(12,710)
Investment income	86,079	5,445	-	91,524	88,905	5,660	-	94,565
Gain on exchange rate	95,008	-	-	95,008	63,896	-	-	63,896
Loss on retired property and equipment	-	-	-	-	(68,169)	-	-	(68,169)
Realized and unrealized gains (losses) on investments	(61,533)	1,208	-	(60,325)	(69,640)	(2,794)	-	(72,434)
Endowment appropriation	-	(6,653)	-	(6,653)	-	(2,866)	-	(2,866)
Change in net assets from non-operating activities	107,665	-	-	107,665	2,282	-	-	2,282
CHANGE IN NET ASSETS	4,129,797	434,288	-	4,564,085	1,872,126	(121,793)	-	1,750,333
NET ASSETS - BEGINNING	6,589,922	248,262	100,000	6,938,184	4,717,796	370,055	100,000	5,187,851
NET ASSETS - ENDING	\$ 10,719,719	\$ 682,550	\$ 100,000	\$ 11,502,269	\$ 6,589,922	\$ 248,262	\$ 100,000	\$ 6,938,184

See accompanying notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Functional Expenses
For the Years Ended June 30, 2016 and 2015

	2016													
	Program Services									Supporting Services				
	Hospital	Infectious disease, AIDS prevention and treatment	Spinal cord injury programs	Maternal & child health	Education programs	Improvement programs	Surgical program	Villa clinic	Other programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 753,063	\$ 188,862	\$ 229,602	\$ 350,278	\$ 9,330	\$ 32,719	\$ 110,502	\$ 36,137	\$ 93,856	\$ 1,804,349	\$ 359,029	\$ 195,259	\$ 554,288	\$ 2,358,637
Fringe benefits	136,148	33,381	38,179	64,251	1,340	3,565	38,145	99	15,809	330,917	77,461	29,164	106,625	437,542
Supplies	5,269,902	58,516	116,404	280,895	19,621	22,224	139,275	15,650	1,124	5,923,611	21,595	82,272	103,867	6,027,478
Consultants	78,425	7,048	16,202	41,896	2,980	5,200	-	5,806	-	157,557	2,139	12,490	14,629	172,186
Other program expenses	18,703	67,463	52,137	66,759	116,988	2,887	-	1,679	128	326,744	400	1,272	1,672	328,416
Depreciation	163,332	22,012	34,363	72,026	1,883	-	753	43,737	-	338,106	36,254	-	36,254	374,360
Other expenses	60,030	-	231	-	10,000	-	-	-	-	70,261	295	2,587	2,882	73,143
Travel	26,054	5,077	37,309	17,899	-	1,105	27,636	3,938	1,123	120,141	14,566	12,662	27,228	147,369
Audit and legal fees	-	4,380	-	-	-	-	-	-	-	4,380	44,337	-	44,337	48,717
Rent	-	-	-	-	-	-	-	-	-	-	46,023	-	46,023	46,023
	<u>\$ 6,505,657</u>	<u>\$ 386,739</u>	<u>\$ 524,427</u>	<u>\$ 894,004</u>	<u>\$ 162,142</u>	<u>\$ 67,700</u>	<u>\$ 316,311</u>	<u>\$ 107,046</u>	<u>\$ 112,040</u>	<u>\$ 9,076,066</u>	<u>\$ 602,099</u>	<u>\$ 335,706</u>	<u>\$ 937,805</u>	<u>\$ 10,013,871</u>

	2015													
	Program Services									Supporting Services				
	Hospital	Infectious disease, AIDS prevention and treatment	Spinal cord injury programs	Maternal & child health	Education programs	Improvement programs	Surgical program	Villa clinic	Other programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 857,121	\$ 241,843	\$ 225,563	\$ 114,740	\$ 4,245	\$ 2,183	\$ -	\$ -	\$ 16,256	\$ 1,461,951	\$ 289,974	\$ 49,750	\$ 339,724	\$ 1,801,675
Fringe benefits	161,071	33,862	32,536	27,672	665	509	-	-	1,794	258,109	59,182	8,718	67,900	326,009
Supplies	4,267,533	46,003	86,206	41,228	26,858	171	-	-	49,098	4,517,097	21,477	36,537	58,014	4,575,111
Consultants	-	-	-	-	-	-	-	-	153,800	153,800	-	348,311	348,311	502,111
Other program expenses	44,133	75,511	63,812	52,058	108,562	-	-	-	19,263	363,339	-	-	-	363,339
Depreciation	233,091	35,055	52,363	69,881	1,883	-	-	-	-	392,273	1,513	-	1,513	393,786
Other expenses	382	-	5,236	150	10,000	20,301	-	-	5,426	41,495	84,722	35,815	120,537	162,032
Travel	32,605	5,304	18,235	2,039	-	42	-	-	30,361	88,586	17,074	12,252	29,326	117,912
Audit and legal fees	-	-	-	-	-	-	-	-	-	-	49,800	-	49,800	49,800
Rent	-	-	-	-	-	-	-	-	-	-	46,023	-	46,023	46,023
	<u>\$ 5,595,936</u>	<u>\$ 437,578</u>	<u>\$ 483,951</u>	<u>\$ 307,768</u>	<u>\$ 152,213</u>	<u>\$ 23,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,998</u>	<u>\$ 7,276,650</u>	<u>\$ 569,765</u>	<u>\$ 491,383</u>	<u>\$ 1,061,148</u>	<u>\$ 8,337,798</u>

See accompanying notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Cash Flows

For the Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,564,085	\$ 1,750,333
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	374,360	393,786
Loss on retired property and equipment	-	68,169
In-kind donated property and equipment	(876,528)	(789,969)
Donated stock	(30,304)	(55,509)
Realized and unrealized losses on investments	60,325	72,434
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(98,819)	(77,756)
Contribution receivable	(434,161)	(64,440)
Inventory	(2,546,268)	55,033
Prepaid expenses and other assets	3,428	(18,658)
Increase (decrease) in:		
Accounts payable and accrued expenses	98,436	(18,203)
Deferred revenue	1,122,883	(446,617)
Net cash provided by operating activities	<u>2,237,437</u>	<u>868,603</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,324,025)	(976,246)
Proceeds from sale of investments	1,271,877	896,282
Purchase of property and equipment	(166,438)	(1,356,917)
Decrease (Increase) in construction in progress	(898,971)	607,716
Net cash used by investing activities	<u>(1,117,557)</u>	<u>(829,165)</u>
NET INCREASE IN CASH	1,119,880	39,438
CASH AT BEGINNING OF YEAR	<u>637,366</u>	<u>597,928</u>
CASH AT END OF YEAR	<u>\$ 1,757,246</u>	<u>\$ 637,366</u>

See accompanying notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

1. ORGANIZATION

St. Boniface Haiti Foundation, Inc. (the “Organization”) is a Massachusetts incorporated nonprofit entity dedicated to providing high quality healthcare services to the people of southern Haiti through community-based preventive and clinical care. The Organization also works toward broader improvement and sustainability of quality healthcare in Haiti through programs such as the training of local health practitioners, disaster response, and partnering for impact with local and global health organizations. The Foundation supports and operates St. Boniface Hospital located in Fond des Blancs, Haiti, a satellite clinic in Villa, Haiti and various community-based health programs in the region.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Organization 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.

Financial Statement Presentation – The Organization 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 Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for support of the Organization as well as funds invested in property and equipment. The Organization 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 Organization and/or passage of time.
- ***Permanently restricted net assets*** – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

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.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

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

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, 2016 and 2015, the Organization considers accounts receivable to be fully collectable; accordingly no allowance for doubtful accounts is required.

Contributions Receivable – The Organization has contributions receivable of \$525,311 and \$91,150 at June 30, 2016 and 2015, respectively, which are expected to be collected within one year.

Inventory – Inventory consists of medicine and pharmacy supplies. Inventory is stated at the lower of cost or market. Cost is determined on the first-in, first-out (“FIFO”) method.

Property and Equipment – Property and equipment purchased for use by the Organization is recorded at cost or fair value, if received by donation, at the time such assets are received. Expenditures for 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:

<u>Description</u>	<u>Years</u>
Building	30
Furniture and equipment	3-5
Vehicles	3-5

The Organization has a capitalization policy which requires the capitalization of 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 Organization 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, 2016 and 2015, the Organization has determined that no long-lived assets are impaired.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Fair Value Measurement – The Organization follows the provisions of *Fair Value Measurements* 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* 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 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 inputs, which include quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Unobservable inputs based on the Organization'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 assets and liabilities 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, 2016 and 2015.

- **Investments** – All investments have been reported in the financial statements at fair value. The fair value of money market funds, bonds, common stock, government securities, exchange traded and closed end funds, mutual funds and preferred stock, 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 Organization 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, bonds, common stock, government securities, exchange traded and closed end funds, mutual funds and preferred stocks, are measured at fair value in the accompanying statements 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, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Endowment – The Organization’s endowment consists of donor-restricted funds and 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.

The Organization 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 Organization 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 Organization’s assets while not impairing its ability to meet current obligations. Endowment assets represent Board-designated funds and donors restricted funds for financial statements purposes. Under this strategy, 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 Organization 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 Organization 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.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Spending Policy and How the Investment Objectives Relate to Spending Policy –The Organization currently reinvests 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 donors and the Board designation for that fund. This is consistent with the Organization'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 emergency needs and general operations of the Organization. The income and the appreciation earned on the Permanently Restricted Funds is available for a medical scholarship program.

Deferred Revenue – Deferred revenue represents government and foundation grants payments that were received in advance of the related performance of services.

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 Organization records hospital revenue when services are rendered.

The Organization's programs are supported by contracts and grants funded through federal agencies as well as foundations.

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 are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

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 Organization's cost basis.

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

Foreign Currency Translation – Foreign currency transaction gains (losses) resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency totaled approximately \$95,008 and \$63,896 in 2016 and 2015, respectively, and have been reported separately in the accompanying statements of activities.

Operations – The statements of activities and changes in net assets report the change in unrestricted net assets from operating and non-operating activities. Operating activities consist of those revenues and expenses related to programs of the Organization, including contributions to support these programs. Non-operating activities consist of investment activities, loss on retirement of assets and gain on exchange rate, that do not directly related to the Organization's general programs.

Income Tax Status – The Organization is exempt from Federal and state income taxes under section 501(c) (3) of the Internal Revenue Code and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization accounts for uncertain tax positions in accordance with FASB ASC 740 *Income Taxes*. The FASB ASC 740 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. Management believes that the Organization has no material uncertain tax positions.

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, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Recently issued but not Effective Accounting Pronouncements – In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), which requires an entity to recognize revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance in US Generally Accepted Accounting Principles, including industry specific guidance, when it becomes effective. This new guidance is effective for years beginning after December 15, 2018. The standard permits the use of either the retrospective or cumulative effect transition method. The Organizations are evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Organizations have not yet selected a transition method.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”). This update requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after December 15, 2019, with early adoption permitted. The Organization is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures, but has not yet selected a transition method nor determined the timing of adoption.

Subsequent Events – The Organization has evaluated all events subsequent to the statement of financial position date of June 30, 2016, through the date which the financial statements were available to be issued, March 28, 2017, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

3. PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Land	\$ 107,167	\$ 107,167
Buildings	3,341,678	3,259,746
Furniture and equipment	2,617,992	1,674,157
Vehicles	898,829	881,630
Construction in progress	941,539	42,568
	7,907,205	5,965,268
Less accumulated depreciation	2,814,247	2,439,887
Property and equipment, net	<u>\$ 5,092,958</u>	<u>\$ 3,525,381</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

3. PROPERTY AND EQUIPMENT, NET...continued

Construction in progress represents costs incurred in connection with the construction of an Infectious Disease Containment Unit ("IDCU"), a surgical center and a water line project.

IDCU costs as of June 30, 2016 totaled \$52,354. The IDCU is expected to be completed by December 2018 at an estimated total cost of \$485,000.

Surgical center project costs as of June 30, 2016 totaled \$779,647. The surgical center was completed in November 2016 at a cost of \$987,000.

Water line project costs as of June 30, 2016 totaled \$109,538. The water line was completed in September 2016 at a cost of \$118,000.

At June 30, 2015, construction in progress represented costs incurred in connection with the construction of an IDCU, a surgical center, an operating room renovations, a surgeon residence and water improvements project. The operation rooms, surgeon residence and the water improvement project were placed in service during the year ended June 30, 2016. The total costs capitalized for these projects placed in service during 2016 totaled \$81,931.

Depreciation expense for the years ended June 30, 2016 and 2015 totaled \$374,360 and \$393,786, respectively.

4. FAIR VALUE MEASUREMENT

Assets Measured at Fair Value on a recurring basis as of June 30, 2016 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 238,130	\$ -	\$ -	\$ 238,130
Bonds:				
Corporate	367,494	-	-	367,494
Municipal	<u>229,494</u>	<u>-</u>	<u>-</u>	<u>229,494</u>
	<u>596,988</u>	<u>-</u>	<u>-</u>	<u>596,988</u>
Exchange traded and closed end funds	<u>471,684</u>	<u>-</u>	<u>-</u>	<u>471,684</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

4. FAIR VALUE MEASUREMENT

Assets Measured at Fair Value on a recurring basis as of June 30, 2016 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Intermediate-term bond	172,000	-	-	172,000
Non-traditional bond	99,823	-	-	99,823
Real estate	43,654	-	-	43,654
World allocation	42,182	-	-	42,182
Large blend	41,722	-	-	41,722
Managed futures	25,006	-	-	25,006
Large growth	21,337	-	-	21,337
	<u>445,724</u>	<u>-</u>	<u>-</u>	<u>445,724</u>
Common stock:				
Financials	48,031	-	-	48,031
Information technology	46,284	-	-	46,284
Consumer discretionary	36,045	-	-	36,045
Industrial	34,759	-	-	34,759
Health care	32,153	-	-	32,153
Consumer staples	30,582	-	-	30,582
Other	26,160	-	-	26,160
Energy	24,416	-	-	24,416
Materials	15,832	-	-	15,832
Telecommunication service	8,034	-	-	8,034
Utilities	5,899	-	-	5,899
	<u>308,195</u>	<u>-</u>	<u>-</u>	<u>308,195</u>
Preferred stock	<u>105,208</u>	<u>-</u>	<u>-</u>	<u>105,208</u>
	<u>\$ 2,165,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,165,929</u>

Assets Measured at Fair Value on a recurring basis as of June 30, 2015 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	<u>\$ 21,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,563</u>
Bonds:				
Corporate	542,191	-	-	542,191
Municipal	255,972	-	-	255,972
	<u>798,163</u>	<u>-</u>	<u>-</u>	<u>798,163</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
 Years Ended June 30, 2016 and 2015

4. FAIR VALUE MEASUREMENT...continued

Assets Measured at Fair Value on a recurring basis as of June 30, 2015 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock:				
Financials	158,050	-	-	158,050
Information technology	51,165	-	-	51,165
Health care	42,512	-	-	42,512
Consumer discretionary	38,362	-	-	38,362
Industrial	36,480	-	-	36,480
Energy	34,059	-	-	34,059
Consumer staples	31,092	-	-	31,092
Other	25,164	-	-	25,164
Materials	18,632	-	-	18,632
Telecommunication service	5,848	-	-	5,848
Utilities	4,918	-	-	4,918
	<u>446,282</u>	<u>-</u>	<u>-</u>	<u>446,282</u>
Government securities	<u>125,742</u>	<u>-</u>	<u>-</u>	<u>125,742</u>
Exchange traded and closed end funds	<u>483,621</u>	<u>-</u>	<u>-</u>	<u>483,621</u>
Mutual funds:				
Intermediate-term bond	125,707	-	-	125,707
High yield bond	43,037	-	-	43,037
Real estate	41,445	-	-	41,445
Financial services	31,239	-	-	31,239
High yield bond	27,003	-	-	27,003
	<u>268,431</u>	<u>-</u>	<u>-</u>	<u>268,431</u>
	<u>\$ 2,143,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,143,802</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

5. INVESTMENTS

Investments at June 30, 2016 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain (Loss)
Money market	\$ 238,130	\$ 239,854	\$ (1,724)
Bonds	596,988	576,061	20,927
Exchange traded and closed end funds	471,684	469,860	1,824
Mutual funds	445,724	442,560	3,164
Common stock	308,195	265,505	42,690
Preferred stock	105,208	100,724	4,484
	<u>\$ 2,165,929</u>	<u>\$ 2,094,564</u>	<u>\$ 71,365</u>

Investments at June 30, 2015 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain (Loss)
Money market	\$ 21,563	\$ 19,666	\$ 1,897
Bonds	798,163	803,294	(5,131)
Common stock	446,282	388,458	57,824
Government securities	125,742	125,663	79
Exchange traded and closed end funds	483,621	490,075	(6,454)
Mutual funds	268,431	271,044	(2,613)
	<u>\$ 2,143,802</u>	<u>\$ 2,098,200</u>	<u>\$ 45,602</u>

The composition of the investment return as reported in statement of activities for the years ended June 30, 2016 and 2015 is as follows:

	2016	2015
Investment income	\$ 91,524	\$ 94,565
Investment fees	(11,889)	(12,710)
Net realized and unrealized gain (losses) on investments	<u>(60,325)</u>	<u>(72,434)</u>
	<u>\$ 19,310</u>	<u>\$ 9,421</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
 Years Ended June 30, 2016 and 2015

6. ENDOWMENTEndowment Net Asset Composition by Type of Fund as of June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ -	\$ 100,000	\$ 100,000
Board designated endowment funds	<u>2,065,929</u>	<u>-</u>	<u>-</u>	<u>2,065,929</u>
Total funds	<u>\$ 2,065,929</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 2,165,929</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,043,802	\$ -	\$ 100,000	\$ 2,143,802
Investment return:				
Investment income	83,592	5,445	-	89,037
Net depreciation (realized and unrealized)	(61,533)	1,208	-	(60,325)
Investment fees	<u>(11,889)</u>	<u>-</u>	<u>-</u>	<u>(11,889)</u>
Total investment return	<u>10,170</u>	<u>6,653</u>	<u>-</u>	<u>16,823</u>
Other changes:				
Endowment appropriation	6,653	(6,653)	-	-
Donated investments	<u>5,304</u>	<u>-</u>	<u>-</u>	<u>5,304</u>
Total other changes	<u>11,957</u>	<u>(6,653)</u>	<u>-</u>	<u>5,304</u>
Endowment net assets, end of year	<u>\$ 2,065,929</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 2,165,929</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ -	\$ 100,000	\$ 100,000
Board designated endowment funds	<u>2,043,802</u>	<u>-</u>	<u>-</u>	<u>2,043,802</u>
Total funds	<u>\$ 2,043,802</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 2,143,802</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

6. ENDOWMENT...continuedChanges in Endowment Net Assets for the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,980,763	\$ -	\$ 100,000	\$ 2,080,763
Investment return:				
Investment income	87,014	5,660	-	92,674
Net depreciation (realized and unrealized)	(69,640)	(2,794)	-	(72,434)
Investment fees	<u>(12,710)</u>	<u>-</u>	<u>-</u>	<u>(12,710)</u>
Total investment return	<u>4,664</u>	<u>2,866</u>	<u>-</u>	<u>7,530</u>
Other changes:				
Endowment appropriation	2,866	(2,866)	-	-
Donated investments	<u>55,509</u>	<u>-</u>	<u>-</u>	<u>55,509</u>
Total other changes	<u>58,375</u>	<u>(2,866)</u>	<u>-</u>	<u>55,509</u>
Endowment net assets, end of year	<u>\$ 2,043,802</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 2,143,802</u>

7. DEMAND NOTE PAYABLE, BANK

The Organization has a \$500,000 line of credit with a bank. Advances bear interest at various rates based on draw down amount. The rate in effect at June 30, 2016 and 2015 was 3.67% and 3.69%, respectively. The agreement is secured by the investment accounts of the Organization. At June 30, 2016 and 2015 there was no outstanding balance on the line of credit. There is no expiration date on the line of credit.

8. IN-KIND CONTRIBUTIONS

The Organization received \$7,719,601 and \$4,583,287 of in-kind contributions for the years ended June 30, 2016 and 2015, respectively. Following is a breakdown of the sources of income and the categories of expenses and assets for in-kind contributions:

	<u>2016</u>	<u>2015</u>
Income received:		
Consultants	\$ 33,000	\$ 473,676
Medicines/food/other supplies	6,779,769	3,264,133
Property and equipment	876,528	789,969
Investments	<u>30,304</u>	<u>55,509</u>
Total in-kind contributions received	<u>\$ 7,719,601</u>	<u>\$ 4,583,287</u>

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

8. IN-KIND CONTRIBUTIONS...continued

	<u>2016</u>	<u>2015</u>
Expenses reported:		
Supplies	\$ 6,779,769	\$ 3,264,133
Consultants	<u>33,000</u>	<u>473,676</u>
Total in-kind expenses reported	<u>6,812,769</u>	<u>3,737,809</u>
Assets reported:		
Property and equipment	876,528	789,969
Investments	<u>30,304</u>	<u>55,509</u>
Total in-kind assets reported	<u>906,832</u>	<u>845,478</u>
Total in-kind expenses and assets reported	<u>\$ 7,719,601</u>	<u>\$ 4,583,287</u>

9. COMMITMENT

In May 2013, the Organization entered into a lease agreement for office space in Newton, Massachusetts. The lease agreement commenced August 1, 2013 and expires July 31, 2018. The base rent is \$3,835 per month plus a monthly electricity charge of \$281.

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

<u>Years</u>	<u>Amounts</u>
2017	\$ 46,023
2018	46,023
2019	<u>3,835</u>
	<u>\$ 95,881</u>

Lease expense for the years ended June 30, 2016 and 2015 was \$46,023.

10. RELATED PARTY TRANSACTIONS

A Board member of the Organization is also a volunteer board member of Build Health International, a nonprofit organization, which provided construction services in connection with the construction of the Organization's maternity center, surgical center, Infectious Disease Containment Unit and the operation room renovations. The construction services and supply reimbursement totaled \$928,855 and \$115,197 for the years ended June 30, 2016 and 2015, respectively.

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Time restriction	\$ 550,311	\$ 91,150
Education programs	57,638	32,272
Building construction and repairs projects	44,725	119,724
Community development projects	28,503	3,742
Other programs	<u>1,373</u>	<u>1,374</u>
Total temporarily restricted net assets	<u>\$ 682,550</u>	<u>\$ 248,262</u>

12. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of an endowment totaling \$100,000 as of June 30, 2016 and 2015. The income and the appreciation earned on the permanent endowment is available for a medical scholarship program.

13. 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Clinical operations	\$ 215,816	\$ 198,025
Education programs	94,024	109,136
Other programs	15,878	50,873
Time restrictions	91,150	26,000
Community development projects	<u>26,438</u>	<u>19,365</u>
Net assets released from program restrictions	443,306	403,399
Endowment appropriation	6,653	2,866
Net assets released from capital restrictions	<u>1,317,503</u>	<u>194,114</u>
	<u>\$ 1,767,462</u>	<u>\$ 600,379</u>

14. RETIREMENT PLAN

The Organization has a qualified defined contribution retirement plan (the Plan) for all eligible employees. 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 Organization may make matching contributions to the plan at the discretion of the Board of Directors. During the years ended June 30, 2016 and 2015, the Organization did not make any contribution to the Plan.