

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A Nonprofit Organization)

Financial Statements
for the Year Ended
December 31, 2011
and Independent Auditors' Report

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A Nonprofit Organization)

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FOR THE YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hope for Haiti's Children Ministries, Inc.
(A Nonprofit Organization)
Cincinnati, Ohio

We have audited the accompanying statement of assets, liabilities and net assets of Hope for Haiti's Children Ministries, Inc., (a Nonprofit Organization) as of December 31, 2011, and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Hope for Haiti's Children Ministries, Inc. as of December 31, 2011, and the changes in net assets and its cash flow for the year then ended on the basis of accounting described in note 2.

Locey, Cecil, & Associates, Ltd.
Certified Public Accountants
Cincinnati, Ohio
November 1, 2012

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 409,171
Total current assets	409,171

PROPERTY AND EQUIPMENT:

Office furniture and equipment	1,632
Total property and equipment	1,632
Less accumulated depreciation	1,632
Net property and equipment	-

TOTAL ASSETS \$ 409,171

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable-operations	\$ 19,337
Total current liabilities	19,337

TOTAL LIABILITIES 19,337

NET ASSETS:

Net assets-unrestricted	203,622
Net assets- temporarily restricted	186,212

NET ASSETS 389,834

TOTAL LIABILITIES AND NET ASSETS \$ 409,171

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

STATEMENT OF ACTIVITIES - (Modified Cash Basis)
FOR THE YEAR ENDED DECEMBER 31, 2011

CHANGE IN NET ASSETS

REVENUE AND SUPPORT	
Unrestricted contributions	\$ 236,484
Temporarily restricted contributions	677,311
Fundraising event contributions	75,185
Donated goods and services	44,921
Other income	136
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TOTAL REVENUE AND SUPPORT	1,034,037
EXPENSES	
Program services	1,172,531
Management and General	81,500
Fundraising	51,140
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Total expenses	1,305,171
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Decrease in Net Assets from Activities	\$ (271,134)
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NET ASSETS

Beginning balance	
Unrestricted net assets	135,513
Temporarily restricted net assets	525,455
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Total Beginning of year	660,968
Change in Unrestricted	68,109
Change in Temporarily Restricted	(339,243)
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Total Change in Net Assets	(271,134)
End of Year	
Unrestricted net assets	203,622
Temporarily restricted net assets	186,212
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Total End of year	\$ 389,834
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See notes to financial statements.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

STATEMENT OF FUNCTIONAL EXPENSES - (Modified Cash Basis)
FOR THE YEAR ENDED DECEMBER 31, 2011

	Crisis Relief Ministry	Child Education Sponsorship	Program Services US Operations	General Haiti Operations	Delmas Reconstruction	Mission Trip Ministry
Grants and allocations	\$ 340,273	\$ 281,150	\$ 13,000	\$ 62,648	\$ 67,829	\$ 7,920
Salaries			54,534			
Payroll taxes			4,482			
Consulting expense	350	538	27,500			
Contracted services	39	645		103		67
Office supplies	377		665	2,701		
Telephone			1,408	39		
Printing & publications	3,000		1,399			
Postage & shipping	7,123		3,076			76
Information technology	734		5,039	1,697		
Travel	8,548		3,589	1,506		48,834
Management meals						
Property/liability insurance	99			1,038		1,131
Bank and Merchant Fees						112
Legal & professional fees						
Conferences and events						
Repairs and maintenance	520			3,171		
Supplies and Materials	9,708	2,224	670	500		1,323
Household expenses	3,696			112		
Health Care		31,091		50		
Education and training	2,000					
Food and water	8,600	861				62
Housing	2,000					
Loss on disposal of fixed assets						
Miscellaneous	3,052	128	163	600		
Total functional expenses	\$ 390,119	\$ 316,637	\$ 116,563	\$ 73,127	\$ 67,829	\$ 59,525

See notes to financial statements.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

STATEMENT OF FUNCTIONAL EXPENSES - (Modified Cash Basis)
FOR THE YEAR ENDED DECEMBER 31, 2011

	Cite Soleil Ministry	Orphanage Ministry	All other Programs	Total Program Expenses	Management and General	Fundraising	Total
Grants and allocations	\$ 53,687	\$ 44,591	\$ 26,031	\$ 897,129	\$ -	\$ -	\$ 897,129
Salaries			-	54,534	23,145	11,984	89,663
Payroll taxes			-	4,482	1,910	955	7,347
Consulting expense			-	27,500	13,750	13,750	55,000
Contracted services		100	2,770	3,758			3,758
Office supplies		146		1,665	2,513	454	4,632
Telephone			28	4,514	890		5,404
Printing & publications			350	4,788	3,998	7,451	16,237
Postage & shipping			7,344	17,619	2,201	357	20,177
Information technology			-	7,470	9,802	1,468	18,740
Travel			483	62,960	1,110	2,514	66,584
Management meals			-	-	688		688
Property/liability insurance			-	1,230	2,223		3,453
Bank and Merchant Fees			-	1,150	5,819		6,969
Legal & professional fees			-	-	2,798		2,798
Conferences and events			1,000	1,000	3,329	12,113	16,442
Repairs and maintenance			-	3,691			3,691
Supplies and Materials	201	1,257	2,753	18,636	51	94	18,781
Household expenses			-	3,808			3,808
Health Care			-	31,141			31,141
Education and training			-	2,000			2,000
Food and water		140	7,600	17,263			17,263
Housing			250	2,250			2,250
Loss on disposal of fixed assets			-	-	6,763		6,763
Miscellaneous			-	3,943	510		4,453
Total functional expenses	\$ 53,888	\$ 46,088	\$ 48,755	\$ 1,172,531	\$ 81,500	\$ 51,140	\$ 1,305,171

See notes to financial statements.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A NONPROFIT CORPORATION)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN
OPERATING ACTIVITIES

Decrease in Net Assets from Activities	\$ (271,134)
Adjustments to reconcile change in net assets to net change in cash:	
Loss on disposal of fixed assets	6,763
Change in assets and liabilities:	
Accounts payable-trade	6,174
Accrued expenses	<u>(7,796)</u>
NET CASH USED IN OPERATING ACTIVITIES	(265,993)
UNRESTRICTED CASH - DECEMBER 31, 2010	<u>675,164</u>
UNRESTRICTED CASH - DECEMBER 31, 2011	<u>\$ 409,171</u>

See notes to financial statements.

HOPE FOR HAITI'S CHILDREN MINISTRIES, INC.
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. ORGANIZATION

Hope for Haiti's Children Ministries, Inc., ("the Organization") is located in Cincinnati, Ohio and was organized in 1995. The Organization is a not-for-profit corporation with a mission to educate and care for the impoverished children of Haiti. The Organization meets the needs of the children through an education sponsorship program, health care services, orphan care, and crisis relief efforts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - The Organization uses the modified cash basis of accounting to record financial transactions and prepare internal financial reports. The accompanying financial statements are presented on the modified cash basis. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, accordingly, these financial statements do not purport to present the financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

Net assets, public support and revenues are classified based on the existence or absence of donor-imposed restrictions. When Contributions are received they are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unrestricted Net Assets - are not subject to donor-imposed restrictions and as such may be used by the organization solely at its own discretion.

Temporarily Restricted Net Assets - are subject to donor-imposed restrictions which may be fulfilled by the actions of the Organization in meeting the restricted purpose or through the passage of time.

Permanently Restricted Net Assets - are subject to donor imposed restrictions that do not expire with the passage of time. Generally, donors of these assets permit the usage of all or part of income earned on related investments for general or specific purposes. The Organization has not received any contributions to date with donor imposed permanent restrictions.

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Tax Status - As a nonprofit corporation, the profits and losses of Hope for Haiti's Children Ministries, Inc. are not subject to taxation under 501(c)(3) of the Internal Revenue Code. The Organization is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the organization has no other tax positions which must be considered for disclosure.

The Organization holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Organization's Form 990, Return of Organization Exempt from Income Taxes, are generally subject to examination by the Internal Revenue Service for four years after the date filed.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all short-term savings accounts to be cash equivalents.

Fixed Assets - The cost of fixed assets are capitalized and the assets are depreciated or amortized on the straight-line basis over the estimated useful lives of five years. Donations of property and equipment are recorded as contributions at their estimated fair market values. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are charged to expenses as incurred; major additions, improvements, and renewals are capitalized.

Asset impairment - Statements of Financial Accounting Standards require that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of this statement has not materially affected the organization's combined reported changes in net assets, financial position or cash flows.

Contributed Services from Volunteers - The Organization has a substantial number of unpaid volunteers which have made significant contributions of time and service to the Organization's programs. However, no amounts have been recorded in the financial statements as there is no objective basis to measure the value of such services.

3. FUNCTIONAL ALLOCATION OF EXPENSES

The Organization is engaged in the activities and programs as described in Note 1. Accordingly, the costs of providing these activities are summarized in the statements of activities on pages 4 - 5 of this report.

4. MAJOR PUBLIC SUPPORT

Hope for Haiti's Children, Inc. receives support from individuals, businesses, foundations, and trusts in the United States. Many of these donations included donor-imposed restrictions.

5. DONATED GOODS AND SERVICES

During the year ended December 31, 2011, the Organization received various goods and services in connection with its program activities. The fair value of the donated goods and services used in operation of its programs totaled \$44,921 in the year ended December 31, 2011. The fair value of these goods and services was included in revenue in the statement of activities and the corresponding expense accounts in the statement of activities for the year ended December 31, 2011.

6. RELATED PARTY PAYMENTS

Consulting fees in the amount of \$55,000 were paid to Ken Bever, the president of the board during 2011. Starting in February 2011, he was paid \$5,000 per month. Also, Ken Bever received \$3,758 to reimburse labor costs while in Haiti such as security for the clinic, translators, drivers, etc.

7. CONCENTRATIONS OF RISK

The Organization maintains cash accounts in a financial institution which is insured by the FDIC up to \$250,000. At December 31, 2011 cash in excess of this limit approximated \$126,274.

8. SUBSEQUENT EVENTS

In May 2012, the Board of Directors voted to begin funding the building of a Kindergarten and church room at the Thomazeau Campus. \$25,000 would come from unrestricted funds, and \$10,000 would come from the Center Hill Church of Christ who has already committed the funds. Then \$25,000 would be sought from other grant organizations to finish building a well, a latrine, an office and a storage room.

9. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 1, 2012, the date that the financial statements were available to be issued.