

**The St. Luke Foundation
for Haiti**
(A Nonprofit Organization)

**Independent Auditors' Report and
Financial Statements
December 31, 2016 and 2015**

The St. Luke Foundation for Haiti

(A Nonprofit Organization)

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To the Board of Directors of
The St. Luke Foundation for Haiti
(A Nonprofit Organization)

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **The St. Luke Foundation for Haiti** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The St. Luke Foundation for Haiti** as of December 31, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kaiser Scherer & Schlegel, PLLC

November 30, 2017
McLean, Virginia

The St. Luke Foundation for Haiti

(A Nonprofit Organization)

Statements of Financial Position

<i>December 31,</i>	2016	2015
Assets		
Cash and cash equivalents	\$ 368,828	\$ 208,072
Prepaid expenses	8,312	8,513
Grant receivable	-	500,000
Total assets	\$ 377,140	\$ 716,585
Liabilities		
Accounts payable	\$ 17,358	\$ 9,365
Deferred revenue	-	500,000
Total liabilities	17,358	509,365
Net Assets		
Unrestricted	205,582	192,534
Temporarily restricted	154,200	14,686
Total net assets	359,782	207,220
Total liabilities and net assets	\$ 377,140	\$ 716,585

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

The St. Luke Foundation for Haiti

(A Nonprofit Organization)

Statement of Activities

<i>Year ended December 31, 2016</i>	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contributions and gifts	\$ 2,209,684	\$ 1,572,926	\$ 3,782,610
Grants	-	500,000	500,000
Donated services and property	571,545	-	571,545
Total revenue and support	2,781,229	2,072,926	4,854,155
Net assets released from restrictions	1,933,412	(1,933,412)	-
Total revenue, support and reclassifications	4,714,641	139,514	4,854,155
Expenses			
Program services	4,354,355	-	4,354,355
Management and general	210,132	-	210,132
Fundraising	137,106	-	137,106
Total expenses	4,701,593	-	4,701,593
Increase in net assets	13,048	139,514	152,562
Net assets, beginning of year	192,534	14,686	207,220
Net assets, end of year	\$ 205,582	\$ 154,200	\$ 359,782

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

The St. Luke Foundation for Haiti

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Statement of Activities

<i>Year ended December 31, 2015</i>	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contributions and gifts	\$ 2,011,832	\$ 700,701	\$ 2,712,533
Donated services and property	371,867	-	371,867
Total revenue and support	2,383,699	700,701	3,084,400
Net assets released from restrictions	698,044	(698,044)	-
Total revenue and support	3,081,743	2,657	3,084,400
Expenses			
Program services	3,200,776	-	3,200,776
Management and general	64,001	-	64,001
Fundraising	174,686	-	174,686
Total expenses	3,439,463	-	3,439,463
(Decrease) increase in net assets	(357,720)	2,657	(355,063)
Net assets, beginning of year	550,254	12,029	562,283
Net assets, end of year	\$ 192,534	\$ 14,686	\$ 207,220

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

The St. Luke Foundation for Haiti (A Nonprofit Organization)

Statements of Cash Flows

<i>Year Ended December 31,</i>	2016	2015
Cash flows from operating activities:		
Cash receipts		
Donations	\$ 4,282,610	\$ 2,712,533
Cash disbursements		
La Fondation St. Luc and NPH-Haiti	(3,855,702)	(2,925,229)
General and administrative	(182,967)	(24,476)
Fundraising	(83,185)	(117,039)
Net cash provided by (used in) operating activities:	160,756	(354,211)
Net increase (decrease) in cash and cash equivalents	160,756	(354,211)
Cash and cash equivalents, beginning of year	208,072	562,283
Cash and cash equivalents, end of year	\$ 368,828	\$ 208,072

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

The St. Luke Foundation for Haiti

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Notes to Financial Statements

1. Nature of Activities

Organization

The St. Luke Foundation for Haiti ("the Foundation"), a nonprofit organization, is a religious, educational and charitable organization established in December 2010 by Father Leo Richard Frechette to provide support to capacitate Haitian young adults through funds and training, to set up community school systems and healthcare systems, and to generate employment through creative enterprise in order to improve life in Haiti at the grass root level.

The Foundation raises funds primarily through personal appeals, internet appeals, and direct mail solicitations conducted by volunteers in the United States and Haiti.

During the years ended December 31, 2016 and 2015, \$3,855,702 and \$2,925,229, respectively, of equipment, medicine and cash donations were transferred from the Foundation to La Fondation St. Luc ("St. Luc"), a like-minded nonprofit charitable organization in Haiti. The St. Luc programs provide medical care, education, employment opportunities and humanitarian aid to the Haitian poor. Certain funds raised by the Foundation are designated for specific St. Luc programs. All St. Luc programs are geared toward education, development, and sustainability. The St. Luc mission also organizes large food and water distribution programs, relief assistance in hurricanes and disasters, mobile medical clinics, job creation programs, virtual online studies including travel abroad, burial of the indigent dead, and other programs.

The president of the Foundation is actively involved in all St. Luc's programs. The funding of the particular projects is based on the designation of the donation as well as on the financial needs. While sharing common goals, the Foundation and St. Luc are economically independent and have separate and distinct boards of directors. Therefore, St. Luc is not included in these financial statements nor was it audited in conjunction with the Foundation's audit.

2. Significant Accounting Policies

Date of Management's Review

Management evaluated subsequent events through November 30, 2017, the date these financial statements were available to be issued, and there were no subsequent events that required disclosure.

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Notes to Financial Statements

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to three classifications of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if applicable.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Such cash equivalents consist of interest-bearing money market accounts and certificates of deposit.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted contributions are reclassified in the statement of activities as assets released from restrictions.

Revenue Recognition for USAID Federal Grant

Federal grants are deemed to be exchange transactions and are reported as revenues in unrestricted net assets when the Foundation has incurred expenses in compliance with the grant requirements. All construction costs are expensed as program grant expenses to the Foundation in accordance with the Federal grant agreement. The total grant value was recorded as a grant receivable as of the date of the USAID cooperative agreement, December 10, 2014, and the unearned portion is reported as deferred revenue. Matching contributions from related parties are recorded as in-kind donations and expensed as program expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation, is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the US Internal Revenue Service as other than a private foundation.

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Notes to Financial Statements

The Foundation, although a tax exempt organization, is subject to taxes on unrelated business income. It has been determined that there was no taxable income from unrelated business activities for the years ended December 31, 2016 and 2015. The Foundation's Forms 990 Return of Organization Exempt from Income Tax, for the years ending 2016 and 2015 are subject to examination by the IRS generally for three years after they were filed.

3. Donated Services and Property

During the years ended December 31, 2016 and 2015, the Foundation received donated services with an estimated fair value of approximately \$148,330 and \$149,360, respectively. Approximately nine volunteers provide general management, program management, treasury functions, fundraising, donor relationship, and web services. Each volunteer estimates the hours provided, and management estimates the applicable rate based on national wage surveys for like organizations. Each volunteer uses his/her own personal computer and desk space. The value of the office related use has been deemed immaterial and is not included in these financial statements. During the years ended December 31, 2016 and 2015, a related party remitted \$394,215 and \$222,507, respectively, to La Fondation St. Luc to pay construction related expenses. These payments were considered contributions in-kind to the Foundation and corresponding expenditures to support the Foundation's USAID cost-sharing requirements. During the year ended December 31, 2016, medical equipment and other supplies valued at \$29,000 were donated to the Foundation.

4. USAID Grant

On December 10, 2014, the Foundation was awarded a \$500,000 grant through the USAID Office of American Schools and Hospitals Abroad ("ASHA") to be used for construction and equipment for an education center that will serve the medical professionals of La Fondation St Luc's medical mission and the greater medical community in Haiti. The Foundation is obligated to provide a cost sharing amount of non-Federal money totaling \$1,310,933. During the years ended December 31, 2016 and 2015, the Foundation incurred \$1,667,382 and \$311,007, respectively, of construction related expenditures toward this match. These costs were expensed as program costs in the year they were incurred. During the year ended December 31, 2016, the Foundation received the \$500,000 grant funds.

5. Temporarily Restricted Net Assets

Temporarily restricted funds include contributions restricted for operations, medical related costs, education, disaster relief, schools and hospitals.

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Notes to Financial Statements

Temporarily restricted net assets are available for the following purposes:

<i>December 31,</i>	2016	2015
Fundraising activities	\$ 22,277	\$ 10,421
Medical	21,218	3,745
Outreach programs	110,705	520
Total temporarily restricted net assets	\$ 154,200	\$ 14,686

Income earned on temporarily restricted funds is classified as temporarily restricted or unrestricted in accordance with the donor's stipulation.

6. Related Party Transactions and Concentrations of Funding

The Foundation receives significant support from Our Little Brothers and Sisters, Inc. ("OLBS VA"). During the years ended December 31, 2016 and 2015, the Foundation received \$1,032,000 and \$1,209,135, respectively, from OLBS, VA which represented approximately 24% and 45%, respectively, of the Foundation's total support.

The Foundation provides most of its funds to La Fondation St. Luc. During the years ended December 31, 2016 and 2015, the Foundation provided \$3,855,702 and \$2,925,229, respectively, to La Fondation St. Luc, which represented approximately 94% and 95%, respectively, of its total funds provided to recipients.

7. Concentration of Credit Risk

The Foundation maintains cash balances that periodically exceed the federally insured amount of \$250,000, which exposes the Foundation to credit risk in the event of non-performance by the institution. The Foundation monitors its financial institutions' performance to mitigate this risk.

8. Fraud Losses

During November 2016, the Foundation lost \$155,000 due to bank fraud perpetrated by unknown parties who used false emails to defraud the Foundation. These losses are included in management and general expenses on the statement of activities for the year ended December 31, 2016. The Foundation is attempting to recover these funds through legal action.