

Fondation St. Luc – Haiti

Financial Statements

For the years ended December 31, 2017 and 2016

Fondation St. Luc – Haïti

Financial Statements

For the years ended December 31, 2017 and 2016

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Message from the Executive Director

Dear Benefactors and Friends,

The St Luc Foundation for Haiti takes great pride in its origins.

The foundation grew out of the very successful program for orphaned and vulnerable children called "Nuestros Pequeños Hermanos."

NPH was founded in Mexico in 1954, by Fr. William Wasson, and is now active in nine countries.

Fr Wasson hoped that the young people who would feel secure and at home in his wide family, and would benefit from his quality schools and also from his unique formula for raising children, would grow up to be compassionate and generous Christian leaders in their own countries, caring especially for the poor and marginalized.

The founders and directors of Fondation St Luc, were raised and educated in the Haitian branch of NPH, called Nos Petits Freres et Soeurs.

These young leaders have risen to the occasion, and honored Fr Wasson's hope for them, by forming the St Luc Foundation in the year 2000, as they enthusiastically entered the arena of adulthood in the challenging country that is Haiti.

The scope of the work of the foundation is impressive, and includes a healthcare system, and educational system, community development, agriculture, community development, and disaster relief. The website is here referenced: stlukehaiti.org.

Fondation St Luc is authorized by the Haitian government, and is a mission of the Roman Catholic Church. The Foundation takes as its patron the great St Luke, Evangelist and Physician.

Fondation St Luc is an autonomous and independent Foundation, sole owner and manager of all its programs, assets and activities, managed 100% by Haitian directors and teams, responsible before Haitian law and society for all aspects of her vast mission.

In the United States and also In Canada, the St Luke Foundation for Haiti is an independent fundraising organization, which exists only to raise funds and other resources for Fondation St Luc, Haiti.

Fondation St Luc in Haiti is indebted and grateful to a number of organizations and foundations in many countries, whose generous partnership and solidarity provide the funding for her many works.

Haiti is an enormously challenging country. Current challenges include ever increasing market prices, persistent joblessness, significant street crime, political unrest, and an exploding population.

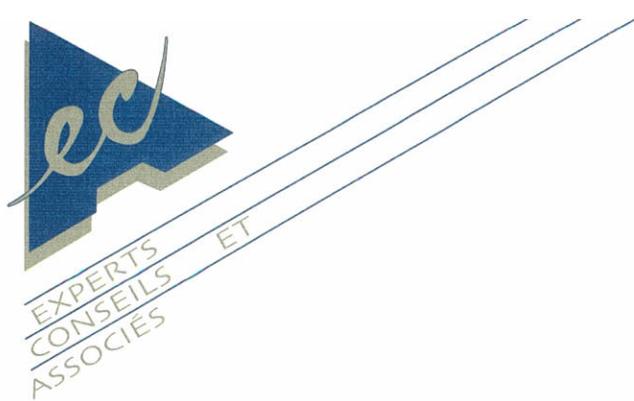
Each year brings its own unique opportunities and disasters.

2017 brought us the blessing of the ongoing construction of the new St Luke Hospital, and continued improvement of all our programs.

It also brought us many opportunities to continue reconstruction and agricultural restoration in the province of Jeremie, since the destruction by hurricane Matthew in 2016.

With God's help and yours, we meet the challenges and pledge to keep building a better future.

Fr Richard Frechette CP DO
President
Fondation St Luc, Haiti



Independent Auditors' Report On the Financial Statements

To the Directors of
Fondation St. Luc – Haiti

We have audited the accompanying financial statements of Fondation St. Luc – Haiti, which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities, functional expense, 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.

Auditor's 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 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 Fondation St. Luc – Haiti'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 Fondation St. Luc Haiti'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fondation St. Luc – Haiti as of December 31 2017 and 2016, 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.

Expert Comptables Associés

Chartered Accountants
July 30, 2018

Fondation St. Luc – Haiti

Statements of Financial Position

As of December 31, 2017 and 2016

(Expressed in US Dollars)

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Assets		
Current assets		
Bank - Local Currency	\$ 333,276	\$ 551,832
Bank - US Dollars accounts in Haiti	775,626	1,420,492
Account Receivable	391,567	82,456
Certificat of deposit BNC-Sogebank	284,916	127,897
Undeposit Funds	-	15,944
Total Current Assets	\$ 1,785,385	\$ 2,198,621
Fixed Assets (note 6)		
Buildings	16,740,968	15,951,010
Construction	2,269,161	1,721,777
Land	4,162,956	4,122,650
Machinery & Equipements	2,396,846	2,215,991
Véhicules	1,272,371	1,096,171
Total Fixed Assets	26,842,302	25,107,599
Accumulated Depreciation		
Buildings	(3,697,563)	(3,011,068)
Machinery & Equipements	(1,670,612)	(1,509,661)
Vehicles	(956,242)	(850,866)
	(6,324,417)	(5,371,595)
Net Fixed Assets	20,517,885	19,736,004
TOTAL ASSETS	\$ 22,303,270	\$ 21,934,625
Liabilities and Net Assets		
Accounts Payable (note 7)	159,251	164,622
Total Liabilities	\$ 159,251	\$ 164,622
Net Assets		
UnRestricted	20,972,381	21,758,890
Temporarily Restricted	1,171,638	11,113
Total net assets	22,144,019	21,770,003
Total Liabilities and Net Assets	\$ 22,303,270	\$ 21,934,625

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

Fondation St. Luc – Haiti

Statements of Activities

For the years ended December 2017, 2016

(Expressed in US Dollars)

Notes	December 31, 2017			December 31, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Grants revenues from donors (note 3)	\$ 5,967,849	\$ 2,662,010	\$ 8,629,859	\$ 5,572,321	\$ 4,740,466	\$ 10,312,787
Other income (note 4)	4,490,158	230,393	4,720,551	1,955,898	-	1,955,898
	<u>10,458,007</u>	<u>2,892,403</u>	<u>13,350,410</u>	<u>7,528,219</u>	<u>4,740,466</u>	<u>12,268,685</u>
Net assets released from restrictions	1,731,878	(1,731,878)	-	1,167,011	(1,167,011)	-
Fund released for acquisitions of fixed assets	-	-	-	3,601,933	(3,601,933)	-
Total Revenues	<u>12,189,885</u>	<u>1,160,525</u>	<u>13,350,410</u>	<u>12,297,163</u>	<u>(28,478)</u>	<u>12,268,685</u>
Expenses						
Program Services:						
Agriculture	450,351	-	450,351	316,120	-	316,120
Community Development	1,348,322	-	1,348,322	767,827	-	767,827
Disaster Relief	1,238,036	-	1,238,036	713,077	-	713,077
Education	4,823,332	-	4,823,332	3,026,551	-	3,026,551
Healthcare	2,429,150	-	2,429,150	1,415,176	-	1,415,176
NPFS Program	34,670	-	34,670	77,945	-	77,945
Renewable Enegy	548,817	-	548,817	524,989	-	524,989
Social Business	1,233,498	-	1,233,498	891,011	-	891,011
Total Program Services	<u>12,106,176</u>	<u>-</u>	<u>12,106,176</u>	<u>7,732,696</u>	<u>-</u>	<u>7,732,696</u>
Supporting Services:						
Depreciation	952,822	-	952,822	1,514,791	-	1,514,791
Others	-	-	-	4,641	-	4,641
Total Supporting Services	<u>952,822</u>	<u>-</u>	<u>952,822</u>	<u>1,519,432</u>	<u>-</u>	<u>1,519,432</u>
Total expenses	<u>13,058,998</u>	<u>-</u>	<u>13,058,998</u>	<u>9,252,128</u>	<u>-</u>	<u>9,252,128</u>
Changes in Net Assets	(869,113)	1,160,525	291,412	3,045,035	(28,478)	3,016,557
Net Assets, at begining of the year	21,758,890	11,113	21,770,003	18,713,855	39,591	18,753,446
Gain or Loss on exchange	82,604	-	82,604	-	-	-
Net Assets, at the end of the year	<u>\$ 20,972,381</u>	<u>\$ 1,171,638</u>	<u>\$ 22,144,019</u>	<u>\$ 21,758,890</u>	<u>\$ 11,113</u>	<u>\$ 21,770,003</u>

The accompanying notes are integral part of the financial Statements

Fondation St. Luc – Haiti

Statements of Functional Expenses

For the years ended December 2017, 2016

(Expressed in US Dollars)

	For the year ended December 31, 2017			For the year ended December 31, 2016		
	PROGRAM SERVICES	SUPPORTING SERVICES	TOTAL	PROGRAM SERVICES	SUPPORTING SERVICES	TOTAL
Salaries & Benefits	\$ 4,412,098	\$ -	\$ 4,412,098	\$ 3,334,928	\$ -	\$ 3,334,928
Administration	277,370	-	277,370	-	-	-
Clothing	140,181	-	140,181	-	-	-
Force Lakay (Community Support)	1,892,526	-	1,892,526	1,077,869	-	1,077,869
Utility & Services	166,202	-	166,202	550,093	-	550,093
Garden, Security, Plant Management	638,300	-	638,300	274,323	-	274,323
Education	965,040	-	965,040	436,280	-	436,280
Cost of Production	-	-	-	388,149	-	388,149
Vehicle and Transportation Expenses	423,803	-	423,803	358,177	-	358,177
Healthcare & Prevention of Illness	301,871	-	301,871	243,838	-	243,838
Housing & Building Materials	1,090,323	-	1,090,323	289,667	-	289,667
Transfers to other Charities	-	-	-	226,705	-	226,705
Cleaning, Maintenance & Repairs	66,308	-	66,308	131,539	-	131,539
Others	146,274	-	146,274	314,844	4,782	319,626
Food	101,305	-	101,305	69,682	-	69,682
Furnitures, Furnishings, Office & Other Equipment	125,433	-	125,433	26,336	-	26,336
Fundraising & Promotion	-	-	-	6,611	-	6,611
Diesel	322,587	-	322,587	-	-	-
Shipments & Customs	-	-	-	3,655	-	3,655
Social Business & Job Creation	1,036,554	-	1,036,554	-	-	-
Depreciation expenses	-	952,822	952,822	-	1,514,650	1,514,650
	<u>\$ 12,106,175</u>	<u>\$ 952,822</u>	<u>\$ 13,058,997</u>	<u>\$ 7,732,696</u>	<u>\$ 1,519,432</u>	<u>\$ 9,252,128</u>

The accompanying notes are an integral part of these financial statements

Fondation St. Luc – Haiti

Statements of Cash Flows

(Expressed in US Dollars)

	<u>For the year ended December 31, 2017</u>	<u>For the year ended December 31, 2016</u>
OPERATING ACTIVITIES		
Excess of income over expenses	\$ 291,412	\$ 3,016,557
Items not affecting cash:		
Depreciation	952,822	1,514,791
Gain or Loss on Exchange	82,604	-
Change in Operating Assets and Liabilities:		
Accounts Receivable	(309,111)	(32,185)
Certificat of deposit BNC-Sogebank	(157,019)	(127,897)
Undeposit Funds	15,944	(15,944)
Liabilities	<u>(5,371)</u>	<u>(353,687)</u>
Net cash provided by operating activities	<u>871,281</u>	<u>4,001,635</u>
INVESTING ACTIVITIES		
Additions to fixed assets	<u>(1,734,703)</u>	<u>(3,601,933)</u>
Increase in cash during the year	(863,422)	399,702
Cash, beginning of year	<u>1,972,324</u>	<u>1,572,622</u>
Cash, end of year	<u>\$ 1,108,902</u>	<u>\$ 1,972,324</u>

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

Fondation St. Luc – Haiti

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

1. History and operations of the Institution

Origin

The St. Luc Foundation started informally in 1990 when the National Director of Nos Petits Freres et Soeurs, Haiti began doing medical work in the poor areas of Port au Prince. A number of unemployed graduates of the NPFS system started to help him, since they were eager for work in a country of massive unemployment. They learned important skills fast, and it was soon evident that many of them could organize large scale an important humanitarian venture.

This led to the formation of schools, clinics, food programs, sports programs, higher education abroad, and social justice engagements including burial of the destitute dead of the city morgue.

The program was named after St. Luke, who was a physician and evangelist, since the work of the foundation was gospel based, educational, humanitarian and geared toward good health and fullness of life. For many years, the Foundation was part of the work of the Archdiocese of Port au Prince, with the blessing and support of the late Archbishop Joseph Serge Miot. In 2010, the process was started to legalize the St. Luc Fondation as a private foundation, and was completed in 2011.

Evolution

The Board of Directors consists of the International Director, the National director, and two Committee Members. Various committees assist the National Director in the formation of programs, their ongoing improvement and oversight. As of this writing the committees oversee 32 community based schools comprising over 12,000 students, a large cholera center, multiple healthcare clinics involving general medical care, prenatal care, and the formation on the St. Luc Family Hospital and St Mary Field Hospital. The committees also manage a production and training center known as Francisville, which brings in some revenue and is paving the way to help support St Luke programs through social businesses. All St Luke programs are geared toward education, development, and sustainability. The committees are also responsible for managing relief work and charitable activities in the community.

Finances

The Catholic Religious Congregation of priests and brothers known as The Passionists was the first and main source of funding of the St. Luc programs. The Passionists were eager to invest in programs for disadvantaged youth, conceived and managed by local

leaders. In recognition of this generous help, the St. Luc Fondation incorporated the sign (logo) of the Passionists into the logo of St. Luke.

The Passionists have an account in the USA, at City National Bank, designated for work in Latin America and the Caribbean. Virtually all of these funds are available to the mission of St. Luc in Haiti. The directors in Haiti have no access to this account. It belongs to the Passionists and is audited as part of the Passionist audit. However, the St. Luc Fondation has online viewing access to the account activities, which is important for budget planning, and requests transfers to Haiti as necessary. Not all the funds in that account are from Passionists or Passionist benefactors. Some U.S. donors give to the St. Luc programs through the Passionists 501c3. When the funds are transferred to Haiti, they enter the responsibility of the St. Luc managers. Funds received and used in Haiti are subject to the St. Luc accounting procedures and auditing process.

However, the official bank account for St Luke Foundation in the USA is located in Bank of America. St Luke Foundations in the USA is its own registered 501c3.

Funders of Nos Petits Freres et Soeurs programs also became interested in funding some St. Luc projects for three reasons:

1. St. Luc is a new generation of NPFS involvement, basing leadership on graduates of NPFS.
2. St. Luc activity increases the profile of activity of the funders in Haiti, to fundraising advantage in many cases.
3. The programs are creative and represent a wider variety of ways to help.

In Haiti, the accounts for St. Luc Fondation are located in Capital Bank. Various accounts include General Operations (US \$), General Operations (Haitian Gourdes), and accounts for particular programs. All accounts, whether in Haiti or abroad, are managed on Quickbooks Online.

Fundraising and processing of donations in the USA is largely by word of mouth, internet publicity, applications for grants, and direct solicitation of donations. All of this work, as well as the related acknowledgements and administration, are done by volunteers. The few costs involved are offset by a private donor. In 2015, we started investing more in fundraising, but even with this investments 97% of funds collected in the USA are transferred to the mission in Haiti, with only 5% retained in USA for fundraising and overhead.

2. **Summary of significant accounting policies**

Basis of presentation

The financial statements are expressed in US dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America.

Donations

Donations received in cash or kinds are recorded in the period in which they are received. Donations in kind are recorded at the declared value by the donor or at an estimated fair market value determined by the management of the Institution.

Expenses

Expenses are recorded when incurred.

Fixed assets and depreciation

Fixed assets are recorded at cost or at the value declared by the donor.

Expenditures for repairs and maintenance are charged to operations as incurred.

Depreciation is provided for using the straight-line method at rates based on the estimated useful lives of the depreciable assets, principally as follows:

Buildings	20 years
Vehicles	4 years
Furniture and office equipment	5 years

Construction in progress

Building renovation costs are capitalized and are recorded as construction in progress. When these improvements are completed, the related costs are transferred to the building account and depreciated.

3. Grant Revenues from Donors

Grant Revenues from donors for the year ended December 31, 2017 are classified for programs as follows:

1. Income from Other NPH Offices	
NPFS Haiti	\$ 10,850
NPH Austria	5,734
NPH Deutschland	1,288,796
NPH Espana	75,549
NPH France	-
NPH Ireland	18,000
NPH Italia	1,507,276
NPH New Zealand	270
NPH Switzerland	40,000
NPH Nederland (Wereldouders)	<u>88,000</u>
Total Income from Other NPH Offices	<u>\$ 3,034,475</u>

2. Income from Our Little Brothers & sisters (USA)

Income from Our Little Brothers & Sisters (USA)	<u>480,723</u>
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Total Income from Our Little Brothers & Sisters (USA)	<u><u>480,723</u></u>
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3. Income from Various Organizations

Income from Andrea Bocelli Foundation	\$ 3,691,359
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Income from Artist for peace & Justice	<u>1,423,302</u>
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Total Income from Various Organizations	<u><u>\$ 5,114,661</u></u>
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Total Contributions	<u><u>\$ 8,629,859</u></u>
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4. Other Income

Other Income includes revenues from various donations and from the following activities:

. Direct Relief International	94,167
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. Contributions Education Programs	515,285
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. Contributions Francisville Production	354,070
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. Contributions from Farm	134,306
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. Contributions Healthcare Programs	541,850
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. Contributions Guest	75,445
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. Contributions St Luke Foundation Canada	100,000
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. Contributions St Luke Foundation USA	1,845,470
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. Contributions The Bedolfe Foundation	8,890
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. Income SMART	145,164
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. Various Other Donations	726,104
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. In Kind Income	<u>179,800</u>
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Total Other Income	<u><u>\$ 4,720,551</u></u>
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5. Expenses

The St. Luc team, made up in large part by graduates of the NPFS program, necessarily works in the most challenging areas of Haitian society. The goal is, as a matter of justice, to bring to the poorest people the benefits of education and healthcare, in the context of Christian faith. A secondary goal is to provide jobs which humanize and dignify the many disgraceful conditions in which people live. Consequently, the St. Luc team works in constant exposure to danger, and conditions which challenge attempts to organize and create infrastructure. Hurricanes and other natural disasters, the reality of armed gangs and kidnapers, the unruliness of desperate masses of people which little or no formation

and the pressures of behavior geared toward survival are the constant background of the St. Luc workers. These represent a formidable challenge to any success.

In spite of the challenges, the St. Luc team creates work, and the work generates life giving activity (which also spurs on hope) in the following programs:

Agricultural Programs

Investment in food security (agriculture, apiculture, psiculture, livestock) as a food sources for St Luc and NPFS Programs

Investment in ecology (reviving the failing bee populations, composting, crop rotation, restoring fallow farmland)

Community Development

Construction of housing

Investment in cemeteries, and burial of destitute dead

Programs with youth for peace

Sessions with community leaders for conflict management

Food Distributions

Investment in Sports Activities for youth

Workforces for cleaning neighborhoods and draining canals

Disaster Relief

Tri-phased response to specific disasters- earthquakes, hurricanes, floods, fires, floods.

Phase of immediate assistance for relief of actual hardship and suffering (water and dry clothes in flood, medical assistance in earthquake, etc.).

Phase of regeneration (replanting of farmlands, restocking lost cattle, restoring a lost livelihood like fishing, etc.)

Phase of reconstruction (repairing destroyed homes and schools, rebuilding roads, etc)

Education

Operation and supervision of St Luc School system, 35 shools of all levels except University.

Ongoing formation for our own staffs

Travel opportunities for enrichment and learning

Healthcare

Operation and oversight of an adult hospital, a field hospital, and a number of clinics

Taylored Surgical and medical interventions for people living in the areas of Port au Prince with densest poverty

Routine Clinics in community based settings

Community Health Education

Prenatal care, Cervical Cancer screening, Malnutrition clinics at two sites

Transformation of St Luc medical systems to internet based learning and electronic medical records

Hosting and promoting seminars in continuing medical education

Support to Nos Petits Freres et Soeurs

NPFS is the mother of St Luc Foundation. Adults who were raised as children at NPFS are the founders and leaders of NPFS.

St Luc Foundation supports NPFS programs in this way:

Free warehouse space for central pharmacy and depot

Hosting of the central grid and central laundry

Management of the morgue, and the burials of children who die at St Damien hospital

Investment in infrastructural improvements and repairs St Damien Hospital

Management of tilapia program at St Damien benefiting NPFS Program de Vie

Managing the central ambulance service for NPFS and St Luc healthcare systems

Renewable Energy

Construction and management of the central grid, the hybrid generator-solar system that supplies NPFS and St Luc programs in Tabarre

Operation of a solar energy company called START that helps schools and other small scale projects become solar powered.

Ongoing training in the field of solar energy to interested parties in Haiti

Social Businesses

Small businesses to provide for needs of other organizations involved in helping professions

Small businesses to create work opportunities especially for the disabled

Helping in limited numbers of cases marginalized people start a small business for family sustainance.

Francisville Center: Large volume production of bread, pasta, cement block, cobblestone

Industrial sewing, Solar energy center, commercial laundry service, vehicle repair shop, mechanic and welding shop, farms.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

6. Fixed Assets

	COST				December 31, 2017
	December 31, 2016	Acquisitions	Adjustments	Transfers	
Buildings	\$ 15,951,010	789,958	\$ -	\$ -	\$ 16,740,968
Vehicles	1,096,171	176,200	-	-	1,272,371
Machinery and Equipments	2,215,991	180,855	-	-	2,396,846
Land	4,122,650	40,306	-	-	4,162,956
Construction in Progress	1,721,777	547,384	-	-	2,269,161
	<u>\$ 25,107,599</u>	<u>\$ 1,734,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,842,302</u>
	ACCUMULATED DEPRECIATION				
	December 31, 2016	Depreciation	Adjustments	Transfers	December 31, 2017
Buildings	\$ 3,011,068	\$ 686,495	\$ -	\$ -	\$ 3,697,563
Vehicles	850,866	105,376	-	-	956,242
Machinery and Equipments	1,509,661	160,951	-	-	1,670,612
	<u>\$ 5,371,595</u>	<u>\$ 952,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,324,417</u>

7. Accounts payable

Liabilities of \$ 159,251 and \$ 164,622 at December 2017 and 2016 respectively, represent checks issued that were still outstanding as of those dates.