

VISITATION HOSPITAL FOUNDATION

Financial Statements - Cash Basis

For the Year Ended December 31, 2018

(With Independent Auditor's Report Thereon)

VISITATION HOSPITAL FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Visitation Hospital Foundation:

We have audited the accompanying financial statements of Visitation Hospital Foundation (a nonprofit organization) which comprise the statement of assets, liabilities, and net assets - cash basis as of December 31, 2018 and the related statement of revenues, expenses and other changes in net assets - cash basis 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 the cash basis of accounting as described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditor's Responsibility, Continued

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 assets, liabilities and net assets of Visitation Hospital Foundation as of December 31, 2018, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Maggart & Associates, P.C.

August 19, 2019

VISITATION HOSPITAL FOUNDATION

Statement of Assets, Liabilities and Net Assets - Cash Basis

December 31, 2018

Assets

Current assets:

Cash	\$ 235,736
Total current assets	<u>235,736</u>

Land	10,000
Buildings	699,210
Equipment	190,700
Furniture and fixtures	28,208
Computer equipment and software	18,813
Automobiles	<u>35,898</u>

	982,829
Less accumulated depreciation	<u>(430,050)</u>
Net fixed assets	<u>552,779</u>

Other assets	<u>600</u>
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Total assets	<u>\$ 789,115</u>
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Net Assets

Net assets:

Without donor restrictions	\$ 587,220
With donor restrictions	<u>201,895</u>

Total net assets	<u>\$ 789,115</u>
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See accompanying notes to financial statements.

VISITATION HOSPITAL FOUNDATION

Statement of Revenues, Expenses and Other Changes in Net Assets - Cash Basis

For the Year Ended December 31, 2018

Revenue without donor restrictions:	
Contributions (including \$4,746 in non-cash contributions)	\$ 223,326
Patient income	44,518
Net assets released from restrictions	<u>20,205</u>
Total revenues without donor restrictions	<u>288,049</u>
Expenses:	
Program	338,249
Management and general	49,148
Fundraising	<u>80,203</u>
Total expenses	<u>467,600</u>
Decrease in net assets without donor restrictions	<u>(179,551)</u>
Revenue with donor restrictions:	
Net assets released from restrictions	<u>(20,205)</u>
Decrease in net assets with donor restrictions	<u>(20,205)</u>
Decrease in net assets	(199,756)
Net assets at beginning of year	<u>988,871</u>
Net assets at end of year	<u>\$ 789,115</u>

See accompanying notes to financial statements.

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis

For the Year Ended December 31, 2018

(1) Summary of Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

(a) Organization

Visitation Hospital Foundation was founded in 1999 to provide health care to the people of Haiti through the construction and operation of a medical facility and through providing critical aid such as medical supplies.

(b) Financial Statement Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. As such, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when obligations are incurred.

Standards for external financial reporting by not-for-profit organizations require that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories follows:

- Net assets without donor restrictions represent those net assets that are not subject to donor imposed stipulations.
- Net assets with donor restrictions include net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

(c) Contributions

Accounting standards require that unconditional promises to give (pledges) be recorded as receivables and as revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. However, under the modified cash basis of accounting the Organization records contribution revenue upon receipt as described in (b) above instead of recognizing unconditional promises to give in the period the promise is received. Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses, and other changes in net assets - cash basis as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated current value.

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis, Continued

For the Year Ended December 31, 2018

(1) Summary of Significant Accounting Policies, Continued

(d) Contributed Services

Various members of the Board of Directors volunteer their time and effort to provide administrative services to the Organization through its various programs throughout the year on an as-needed basis. In addition, the Organization actively promotes recruitment of volunteers to facilitate the programs undertaken in the Haiti locale. No amounts have been recognized in the accompanying financial statements for these contributed services.

(e) Fixed Assets

Fixed assets are stated at cost at date of acquisition or estimated fair market value at date of donation in the case of gifts. Depreciation of buildings, equipment, furniture and fixtures, and computer equipment and software is provided over the estimated useful lives of the respective assets on an accelerated basis.

(f) Cash and Cash Equivalents

The Organization considers all cash and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains balances in financial institutions that management considers to be financially sound. The balances held at the various financial institutions may at times exceed Federally insured limits.

(g) Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization is classified by the Internal Revenue Service as other than a private foundation.

(h) Foreign Currency Adjustments

The Organization will occasionally enter into transactions requiring currency exchange that may result in a gain or loss in exchange. Such transactions are minimal and any foreign current exchange gains or losses resulting from such transactions are recognized in the statement of revenues, expenses and other changes in net assets as they occur.

(i) Estimates

The preparation of financial statements in conformity with the modified cash basis method of accounting requires the Organization to make estimates and assumptions that affect 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.

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis, Continued

For the Year Ended December 31, 2018

(l) Summary of Significant Accounting Policies, Continued

(j) Non-Cash Contributions

Non-cash contributions are recorded as contributions at their fair values at the date of donation.

(k) Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses and other changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(l) Nature of Net Assets

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. Contributions of assets other than cash are recorded at their estimated current value.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and equipment is recorded at cost or at the fair market value at the date of donation. Depreciation on property and equipment is calculated using an accelerated method over the estimated useful life of the asset.

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis, Continued

For the Year Ended December 31, 2018

(1) Summary of Significant Accounting Policies, Continued

(l) Nature of Net Assets, Continued, Continued

During 2012, the Organization began a Capital Campaign to raise funds for the construction of a hospital in Haiti. The goal of the Capital Campaign is to raise \$2,000,000 in funds. At December 31, 2018, the Organization had \$122,787 in net assets with donor restrictions related to the Capital Campaign. During the year ended 2016, a donor who previously contributed \$100,000 for the hospital addition released the restriction effectively making the contribution unrestricted.

Net assets with donor restrictions are available for the following purposes:

Program activities:	
Earthquake relief	\$ 79,108
Hospital addition	<u>122,787</u>
	<u>\$ 201,895</u>

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, by occurrence of other events specified by donors or a release of restriction by the donor.

Purpose restrictions accomplished:	
Dental clinic	\$ 8,860
Earthquake relief	<u>11,345</u>
	<u>\$ 20,205</u>

(m) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at year-end	\$ 235,736
Less those unavailable for general expenditures within one year, due to:	
Donor-restricted for earthquake relief	79,108
Donor-restricted for hospital additional	<u>122,787</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 33,841</u>

As part of the Organization's liquidity management, it maintains its cash balances in financial institutions it considers to be financially sound.

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis, Continued

For the Year Ended December 31, 2018

(2) Non-Cash Contributions

The Organization periodically receives various non-cash contributions such as medical supplies and equipment. These non-cash contributions are recorded at fair value and are included in revenues without donor restrictions as contributions when received. There were \$4,746 of non-cash contributions received for the year ended December 31, 2018.

(3) Expenses

Expenses incurred were for:

	<u>Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>
Salaries and wages	\$ 246,385	185,053	6,133	55,199
Travel	5,973	4,575	-	1,398
Communication	8,790	5,832	1,479	1,479
Guest house	1,272	1,272	-	-
Power and gas	13,656	12,510	573	573
Postage and shipping	1,442	-	144	1,298
Medicine and medical supplies	60,903	60,903	-	-
Repairs and maintenance	3,051	2,745	306	-
Supplies	3,747	3,747	-	-
Vehicle maintenance	1,931	1,931	-	-
Food and nutrition	9,771	9,771	-	-
Water purification	153	153	-	-
Miscellaneous	24,162	17,077	3,484	3,601
Accounting and consulting	34,846	3,242	31,604	-
Consulting expense	2,926	-	-	2,926
Depreciation	29,320	27,854	733	733
Fundraising events	1,346	-	-	1,346
Advertising	6,958	-	-	6,958
Office, printing and copying	4,968	1,584	1,692	1,692
Rent, occupancy	<u>6,000</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>
	<u>\$ 467,600</u>	<u>338,249</u>	<u>49,148</u>	<u>80,203</u>

(4) Commitments and Contingencies

The Organization currently does not maintain insurance. Management is not aware of any pending or threatened claims against the Organization as of the date of this report.

During 2015, the Organization entered into a one year operating lease for office space at a monthly rate of \$495 plus one-half of electric utilities cost per month. The lease has renewal options and expires March 1, 2019.

Over Haiti's history there has been occasional political turmoil, which may under certain circumstances affect the Organization's program services.

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis, Continued

For the Year Ended December 31, 2018

(5) Medical Facility

A religious organization deeded a parcel of land to the Organization for the purpose of providing a site for construction of a medical facility. The deed is conditional and requires the land to be reconveyed to the religious organization in the event the Organization ceases operations.

(6) Concentration of Credit Risk

The Organization maintains cash balances at an institution which are insured at varying amounts by the Federal Deposit Insurance Corporation. At December 31, 2018, the Organization did not have any cash balances in excess of FDIC limits.

The Organization maintains accounts with a Haitian bank for hospital operations. At December 31, 2018, the Organization had approximately \$17,132 in these accounts. These accounts are not insured by the Federal Deposit Insurance Corporation.

(7) Major Contributor

During the year ended December 31, 2018, the Organization received cash contributions from a donor totaling \$50,000. This contributed amount represents 22 percent of the total contributions for the year.

(8) Subsequent Events

Management has evaluated subsequent events through August 19, 2019, the date which the financial statements were available to be issued.