

VISITATION HOSPITAL FOUNDATION

Financial Statements - Cash Basis

For the Year Ended December 31, 2015

(With Independent Auditor's Report Thereon)

VISITATION HOSPITAL FOUNDATION

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Stephen M. Maggart, CPA, ABV, CFF
J. Mark Allen, CPA
Michael T. Holland, CPA, ABV, CFF
M. Todd Maggart, CPA, ABV, CFF
Michael F. Murphy, CPA
P. Jason Ricciardi, CPA, CGMA
David B. von Dahlen, CPA
T. Keith Wilson, CPA, CITP

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, 2015 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, 2015, and its revenues 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 that matter.

Maggart & Associates, P.C.

September 15, 2016

VISITATION HOSPITAL FOUNDATION

Statement of Assets, Liabilities and Net Assets - Cash Basis

December 31, 2015

Assets

Current assets:

Cash	\$ 472,330
Investments	7,001
Total current assets	<u>479,331</u>

Land	10,000
Buildings	699,210
Equipment	247,723
Furniture and fixtures	60,294
Computer equipment and software	43,205
Automobiles	<u>31,382</u>
	1,091,814
Less accumulated depreciation	<u>(480,298)</u>
Net fixed assets	<u>611,516</u>

Other assets	<u>631</u>
Total assets	<u>\$ 1,091,478</u>

Liabilities and Net Assets

Payroll withholdings payable	\$ 1,059
Total liabilities	<u>1,059</u>

Net assets:

Unrestricted	758,453
Temporarily restricted	<u>331,966</u>
Total net assets	<u>1,090,419</u>

Total liabilities and net assets	<u>\$ 1,091,478</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, 2015

Unrestricted revenues:	
Contributions (including non-cash contributions of \$809,282)	\$ 1,075,461
Other income and losses (including patient income of \$31,977)	32,109
Net assets released from restrictions	<u>143,762</u>
Total unrestricted revenues	<u>1,251,332</u>
Expenses:	
Program	1,266,743
Management and general	27,335
Fundraising	<u>43,028</u>
Total expenses	<u>1,337,106</u>
Decrease in unrestricted net assets	<u>(85,774)</u>
Temporarily restricted revenues:	
Contributions	21,578
Net assets released from restrictions	<u>(143,762)</u>
Decrease in temporarily restricted net assets	<u>(122,184)</u>
Decrease in net assets	(207,958)
Net assets at beginning of year	<u>1,298,377</u>
Net assets at end of year	<u>\$ 1,090,419</u>

See accompanying notes to financial statements.

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis

For the Year Ended December 31, 2015

(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 three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

- Unrestricted net assets represent those net assets that are not subject to donor imposed stipulations.
- Temporarily restricted net assets 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.
- Permanently restricted net assets are those net assets subject to donor-imposed stipulations that require the net assets to be maintained permanently by the Organization. Currently, the Organization does not maintain any permanently restricted net assets.

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis, Continued

For the Year Ended December 31, 2015

(1) Summary of Significant Accounting Policies, Continued

(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 temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets 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.

(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.

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis, Continued

For the Year Ended December 31, 2015

(1) Summary of Significant Accounting Policies, Continued

(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.

(j) Non-Cash Contributions

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

(k) Expense Allocation

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 unrestricted support. 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, 2015

(1) Summary of Significant Accounting Policies, Continued

(i) Nature of Net Assets, Continued

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support 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 restricted support. 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.

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, 2015, the Organization had \$222,787 in temporarily restricted net assets 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.

Temporarily restricted net assets are available for the following purposes:

Program activities:	
Advanced health care	\$ 9,866
Earthquake relief	90,453
Hospital addition	222,787
Dental clinic	<u>8,860</u>
	<u>\$ 331,966</u>

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis, Continued

For the Year Ended December 31, 2015

(1) Summary of Significant Accounting Policies, Continued

(1) Nature of Net Assets, Continued

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:

Advanced health care	\$ 1,883
Dental clinic	41,879
Earthquake relief	-
Hospital addition	<u>100,000</u>
	<u>\$ 143,762</u>

(2) Non-Cash Contributions

The Organization receives various non-cash contributions throughout the year such as medical supplies and equipment. These non-cash contributions are recorded at fair value and are included in unrestricted revenues as contributions. The following is a summary of current year non-cash contributions:

Medical and dental supplies	<u>\$ 809,282</u>
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(3) Expenses

Expenses incurred were for:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ 9,464	5,679	4,086	19,229
Advertising	-	-	35	35
Depreciation	38,957	1,025	1,025	41,007
Fundraising events	-	-	1,888	1,888
Hospital and dental expenses	1,174,736	-	-	1,174,736
Administrative, office and supplies expense	4,798	3,097	14,426	22,321
Rent and utilities	4,193	1,138	4,206	9,537
Salaries and wages	<u>34,595</u>	<u>16,396</u>	<u>17,362</u>	<u>68,353</u>
	<u>\$ 1,266,743</u>	<u>27,335</u>	<u>43,028</u>	<u>1,337,106</u>

VISITATION HOSPITAL FOUNDATION

Notes to Financial Statements - Cash Basis, Continued

For the Year Ended December 31, 2015

(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 \$485 plus one-half of electric utilities cost per month. The lease has renewal options and expires March 1, 2017.

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

(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 reconvened 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, 2015, the Organization had cash balances in excess of FDIC limits in the amount of \$73,252.

The Organization maintains accounts with a Haitian bank for hospital operations. At December 31, 2015, the Organization had \$13,243 in these accounts. These accounts are not insured by the Federal Deposit Insurance Corporation.

(7) Major Contributors

During the year ended December 31, 2015, the Organization did not receive cash contributions from any one donor that would be considered major contributors.

The Organization received non-cash contributions of medical supplies from one donor totaling \$795,588 throughout the year ended December 31, 2015.

(8) Subsequent Events

Management has evaluated subsequent events through September 15, 2016, the date which the financial statements were available to be issued. During this period, the following items were recognizable subsequent events that require recognition in the financial statements.

During the months of March through July, 2016, the clinic operated by the Organization was shut down due to a conflict involving a former employee. The clinic has since reopened beginning July, 2016 and continues to operate as of the date of these financial statements.