St. Boniface Haiti Foundation, Inc.

Financial Statements

Years Ended June 30, 2013 and 2012

Kirkland Albrecht & Fredrickson, LLC

CERTIFIED PUBLIC ACCOUNTANTS

ST. BONIFACE HAITI FOUNDATION, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

ST. BONIFACE HAITI FOUNDATION, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Boniface Haiti Foundation, Inc.
Newton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of St. Boniface Haiti Foundation, Inc. (the "Foundation") (a nonprofit foundation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and change in net assets, functional expenses, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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 St. Boniface Haiti Foundation, Inc. as of June 30, 2013 and 2012, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013, on our consideration St. Boniface Haiti Foundation, Inc.'s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Boniface Haiti Foundation, Inc.'s internal control over financial reporting and compliance.

Kirkland Albrecht & Fredrickson, LLC

Kirkland Albrecht & Fredrickson, LLC
Braintree, Massachusetts

November 26, 2013

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Financial Position
June 30, 2013 and 2012

ASSETS

	2013	2012
CURRENT ASSETS:		
Cash	**$ 657,328**	$ 983,811
Accounts receivable	**90,679**	30,500
Contribution receivable	**50,000**	2,400
Inventory	**824,678**	1,299,052
Prepaid expenses and other assets	**45,642**	33,994
Deposits	**1,875**	1,875
Total current assets	**1,670,202**	2,351,632
PROPERTY AND EQUIPMENT, NET	**1,888,928**	1,521,338
INVESTMENTS, AT FAIR VALUE	**1,830,268**	1,602,261
Total assets	**$ 5,389,398**	$ 5,475,231

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	**$ 271,391**	$ 265,276
Deferred revenue	**600,463**	771,679
Total current liabilities	**871,854**	1,036,955
NET ASSETS:		
Unrestricted	**4,059,705**	4,151,431
Temporarily restricted	**357,839**	286,845
Permanently restricted	**100,000**	-
Total net assets	**4,517,544**	4,438,276
Total liabilities and net assets	**$ 5,389,398**	$ 5,475,231

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Activities and Change in Net Assets

Years Ended June 30, 2013 and 2012

	2013				2012		
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT:							
Contributions	**$ 1,337,588**	**$ 599,283**	**$ 100,000**	**$ 2,036,871**	$ 965,653	$ 391,404	$ 1,357,057
In-kind contributions	**2,853,900**	**-**	**-**	**2,853,900**	2,630,990	-	2,630,990
Foundation grants	**971,293**	**-**	**-**	**971,293**	1,241,212	-	1,241,212
Contracts and government grants	**1,190,503**	**-**	**-**	**1,190,503**	1,190,113	-	1,190,113
Hospital revenue	**172,259**	**-**	**-**	**172,259**	136,802	-	136,802
Net assets released from program restrictions	**499,814**	**(499,814)**	**-**	**-**	341,109	(341,109)	-
Total revenue, gains and other support	**7,025,357**	**99,469**	**100,000**	**7,224,826**	6,505,879	50,295	6,556,174
EXPENSES:							
Program services:							
Hospital	**3,847,675**	**-**	**-**	**3,847,675**	3,748,041	-	3,748,041
AIDS prevention and treatment	**495,230**	**-**	**-**	**495,230**	601,230	-	601,230
Spinal cord injury programs	**556,687**	**-**	**-**	**556,687**	471,564	-	471,564
Maternal and child health	**616,345**	**-**	**-**	**616,345**	-	-	-
Education programs	**181,771**	**-**	**-**	**181,771**	306,226	-	306,226
Other programs	**842,511**	**-**	**-**	**842,511**	926,228	-	926,228
Total program services	**6,540,219**	**-**	**-**	**6,540,219**	6,053,289	-	6,053,289
Supporting services:							
General and administrative	**443,135**	**-**	**-**	**443,135**	403,572	-	403,572
Fundraising	**337,603**	**-**	**-**	**337,603**	296,197	-	296,197
Total supporting services	**780,738**	**-**	**-**	**780,738**	699,769	-	699,769
Total expenses	**7,320,957**	**-**	**-**	**7,320,957**	6,753,058	-	6,753,058
Change in net assets from the operating activities	**(295,600)**	**99,469**	**100,000**	**(96,131)**	(247,179)	50,295	(196,884)
NON-OPERATING ACTIVITIES:							
Investment income	**86,696**	**-**	**-**	**86,696**	70,590	-	70,590
Gain on exchange rate	**61,743**	**-**	**-**	**61,743**	34,255	-	34,255
Realized and unrealized gains on investments	**26,960**	**-**	**-**	**26,960**	7,603	-	7,603
Net assets released from capital restrictions	**28,475**	**(28,475)**	**-**	**-**	35,128	(35,128)	-
Change in net assets from non-operating activities	**203,874**	**(28,475)**	**-**	**175,399**	147,576	(35,128)	112,448
CHANGE IN NET ASSETS	**(91,726)**	**70,994**	**100,000**	**79,268**	(99,603)	15,167	(84,436)
Net assets, beginning of year	**4,151,431**	**286,845**	**-**	**4,438,276**	4,251,034	271,678	4,522,712
Net assets, end of year	**$ 4,059,705**	**$ 357,839**	**$ 100,000**	**$ 4,517,544**	$ 4,151,431	$ 286,845	$ 4,438,276

See notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Functional Expenses

Years Ended June 30, 2013 and 2012

2013

	Program Services							Supporting Services			
	Hospital	AIDS Prevention and Treatment	Spinal Cord Injury Programs	Maternal & Child Health	Education Programs	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 433,217	$ 222,080	$ 239,429	$ 284,782	$ 33,570	$ 187,940	$ 1,401,018	$ 259,895	$ 173,900	$ 433,795	$ 1,834,813
Fringe benefits	68,870	31,034	33,462	38,803	3,580	24,286	200,035	46,748	19,912	66,660	266,695
Supplies	3,124,370	61,297	112,588	167,850	713	95,458	3,562,276	17,717	68,349	86,066	3,648,342
Consultants	40,176	1,267	18,024	10,017	6,389	353,568	429,441	-	4,500	4,500	433,941
Other program expenses	29,470	89,743	25,826	46,744	120,516	98,329	410,628	-	-	-	410,628
Depreciation	113,729	79,261	57,469	6,142	1,883	1,996	260,480	7,056	-	7,056	267,536
Other expenses	17,122	373	30,990	58,073	14,415	1,205	122,178	20,336	63,750	84,086	206,264
Travel	20,721	4,925	38,899	3,934	705	76,147	145,331	7,684	7,192	14,876	160,207
Audit and legal fees	-	5,250	-	-	-	3,582	8,832	35,699	-	35,699	44,531
Rent	-	-	-	-	-	-	-	48,000	-	48,000	48,000
	$ 3,847,675	$ 495,230	$ 556,687	$ 616,345	$ 181,771	$ 842,511	$ 6,540,219	$ 443,135	$ 337,603	$ 780,738	$ 7,320,957

2012

	Program Services							Supporting Services			
	Hospital	AIDS Prevention and Treatment	Spinal Cord Injury Programs	Maternal & Child Health	Education Programs	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 450,111	$ 250,929	$ 240,067	$ -	$ 21,420	$ 443,339	$ 1,405,866	$ 213,720	$ 150,080	$ 363,800	$ 1,769,666
Fringe benefits	59,714	34,296	30,938	-	2,352	51,271	178,571	27,205	14,089	41,294	219,865
Supplies	2,669,108	75,455	95,288	-	34,827	137,332	3,012,010	19,653	62,627	82,280	3,094,290
Consultants	406,109	7,828	12,362	-	5,276	63,115	494,690	-	-	-	494,690
Other program expenses	24,755	94,547	15,254	-	119,916	112,223	366,695	4,846	100	4,946	371,641
Depreciation	105,055	113,938	35,866	-	1,883	5,494	262,236	9,596	-	9,596	271,832
Other expenses	11,588	-	1,894	-	118,320	29,164	160,966	28,986	60,730	89,716	250,682
Travel	21,101	8,237	39,895	-	2,232	76,790	148,255	5,237	8,421	13,658	161,913
Audit and legal fees	-	16,000	-	-	-	7,500	23,500	38,291	-	38,291	61,791
Rent	-	-	-	-	-	-	-	48,000	-	48,000	48,000
Accounting and fundraising consulting	500	-	-	-	-	-	500	8,038	150	8,188	8,688
	$ 3,748,041	$ 601,230	$ 471,564	$ -	$ 306,226	$ 926,228	$ 6,053,289	$ 403,572	$ 296,197	$ 699,769	$ 6,753,058

ST. BONIFACE HAITI FOUNDATION, INC.

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	**$ 79,268**	$ (84,436)
Adjustments to reconcile change in net assets to net cash provided in operating activities:		
Depreciation	**267,536**	271,832
In-kind donated property and equipment	**(262,896)**	(194,295)
In-kind donated investments	**(27,004)**	(15,359)
Realized and unrealized gains on investments	**(26,960)**	(7,603)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**(60,179)**	108,755
Contribution receivable	**(47,600)**	(2,400)
Inventory	**474,374**	106,483
Prepaid expenses and other assets	**(11,648)**	34,538
Increase (decrease) in:		
Accounts payable and accrued expenses	**6,115**	64,224
Deferred revenue	**(171,216)**	122,392
Net cash provided in operating activities	**219,790**	404,131
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	**(1,364,947)**	(1,128,162)
Proceeds from sale of investments	**1,190,904**	1,069,295
Purchase of property and equipment	**(436,492)**	(189,874)
Decrease (Increase) in construction in progress	**64,262**	(191,344)
Net cash used in investing activities	**(546,273)**	(440,085)
NET DECREASE IN CASH	**(326,483)**	(35,954)
CASH AT BEGINNING OF YEAR	**983,811**	1,019,765
CASH AT END OF YEAR	**$ 657,328**	$ 983,811
NON-CASH INVESTING ACTIVITIES:		
Donated property and equipment	**$ 262,896**	$ 194,295
Donated investments	**27,004**	15,359
	$ 289,900	$ 209,654

See notes to financial statements.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

1. ORGANIZATION

St. Boniface Haiti Foundation, Inc. (the "Foundation") is a nonprofit organization dedicated to consistently and significantly aiding the poor people of Fond des Blancs, a rural region of the Republic of Haiti. The Foundation is the primary financial supporter of and provides significant operational resources to the St. Boniface Hospital located in Fond des Blancs. The Foundation conducts outreach and education programs, provides humanitarian aid, and sponsors work retreats, all of which contribute to the area's economic, social and environmental development. The Foundation is supported by donations and is governed by a Board of Trustees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Classification and Reporting of Net Assets – The Foundation follows the Financial Accounting Standards Board Accounting Standards Codification "FASB ASC" Subtopic *Presentation of Financial Statements* for not-for-profit entities. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Unrestricted net assets* – Net assets of the Foundation that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for support of the Foundation as well as funds invested in property, plant and equipment. The Foundation may designate portions of its unrestricted net assets as board designated for various purposes.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect 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.

Cash – The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Accounts Receivable – Accounts receivable are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the need for an allowance by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2013 and 2012, the Foundation considers accounts receivable to be fully collectable; accordingly no allowance for doubtful accounts is required.

Inventory – Inventory consists of medicines, pharmacy supplies and nutrition program food which are stated at cost or fair value, if received by donation. Cost is determined on the first-in, first-out method.

Property and Equipment – Property and equipment purchased for use by the Foundation is recorded at cost or fair value, if received by donation, at the time such properties are received. Expenditures in the nature of normal repairs and maintenance are expensed as incurred. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Description	Years
Building	30
Furniture and equipment	3-5
Vehicles	3-5

The Foundation follows the practice of capitalizing all expenditures for property and equipment in excess of $1,000.

Construction in Progress – Costs associated with construction of major projects are accumulated until completion of the project. The completed asset is then depreciated over its useful life after being placed in service.

Valuation of Long-Lived Assets – The Foundation accounts for the valuation of long-lived assets in accordance with the FASB ASC Topic *Property, Plant and Equipment.* This Topic requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At June 30, 2013 and 2012, the Foundation has determined that no long-lived assets are impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Fair Value Measurement – The Foundation follows the provisions of *Fair Value Measurements and Disclosures* Topic of the FASB ASC. This Topic clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The *Fair Value Measurements and Disclosures* Topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy are described below.

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 inputs, which include quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Unobservable inputs based on the Foundation's assessment of the assumptions that market participants would use in pricing the asset or liability.

The following is a description of the valuation methodologies used for asset investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2013 and 2012.

- **Investments** – All investments have been reported in the financial statements at fair value. The fair value of money market funds, bonds, common stock, exchange trust funds and mutual funds, are valued based upon quoted prices from an active market. These securities are categorized in Level 1 as they are actively traded and no valuation adjustments have been applied.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the certain financial instruments could result in a different fair value measurement at the reporting date.

Investments – Investments, which consist of money market funds, bonds, common stock and mutual funds, are measured at fair value in the accompanying statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as increases in unrestricted net assets or temporarily restricted net assets if restricted by the donor.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Endowment – The Foundation's endowment consists of donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation follows the provisions of Subtopic 205 of the FASB ASC that relates to "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds". This FASB ASC Subtopic provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws). Effective June 30, 2009, the Commonwealth of Massachusetts adopted UPMIFA in its General Laws chapter 180A. Among UPMIFA's most significant changes is the elimination of the concept of historic dollar value threshold, the amount below which an organization cannot spend from a fund, in favor of a more robust set of guidelines about what constitutes prudent spending. The FASB ASC Subtopic serves as a guideline for states to use in enacting legislation. This guidance also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to pursue a strategic investment plan that, over the long term, is expected to enhance the real purchasing power of the Foundation's assets while not impairing its ability to meet current obligations. Endowment assets represent Board-designated funds and donors restricted funds for financial statements purposes. Under this strategy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that compare favorably with the results achieved by investment managers of endowment funds with similar investment objectives while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Spending Policy and How the Investment Objectives Relate to Spending Policy –The Foundation currently reinvests all earnings of the endowment assets. Any expenditures from the endowment assets must be supported by the Board of Trustees and be consistent with the intent of the donors and the Board designation for that fund. This is consistent with the Foundation's objective to ensure that the future growth of the endowment assets is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment assets held for future operations as well as to provide additional real growth through new gifts and investment return. Board Designated Unrestricted Funds are designated by the Board of Trustees to support operations of the Foundation.

Revenue Recognition – Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as net assets released from restrictions.

The Foundation records hospital revenue from the St. Boniface Hospital in Haiti when services are rendered. The Foundation’s AIDS prevention and treatment program is supported by contracts and grants funded by federal agencies.

Contributions – Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions received with donor-imposed restrictions that are fulfilled in the same year as received are reported as unrestricted support.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset category. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported as revenues of the temporarily restricted net asset category; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Contributions…continued – Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The fair market value of medical services donated by physicians and medical centers is reflected in the financial statements. Donated investments are reported at fair value at the date of receipt, which is then treated as the Foundation's cost basis.

A significant portion of the Foundation's activities is conducted by unpaid officers, board members and volunteers. The value of administrative and work retreat volunteer contributed time is not reflected in the accompanying financial statements since their time does not meet the criteria necessary for recognition.

Income Tax Status – The Foundation is exempt from Federal and state income taxes under section 501(c) (3) of the Internal Revenue Code and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Foundation accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. This Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. This Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At June 30, 2013, management believes that the Foundation has no material uncertain tax positions.

The Foundation files informational tax returns in the U.S. Federal and Massachusetts state jurisdictions. Management believes the Foundation is no longer subject to U.S. federal and state examinations by tax authorities for years before fiscal year 2010.

Functional Expenses – Functional expenses are allocated to the various programs based on direct expenses, which can be identified to the program, and indirect expenses, which are beneficial to more than one program. The indirect expenses are allocated based upon a cost allocation plan using appropriate methods such as time studies, square footage, mileage, etc.

Reclassification – Certain previously reported amounts in the 2012 financial statements have been reclassified in order to conform to the 2013 presentation.

Subsequent Events – The Foundation has evaluated all events subsequent to the statement of financial position date of June 30, 2013, through the date which the financial statements were available to be issued, November 26, 2013, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events.*

3. INVENTORY

Inventory at June 30, 2013 and 2012, consisted of the following as of June 30:

	2013	2012
Nutrition program food	$ 2,054	$ 14,374
Medicines and pharmacy supplies	822,624	1,284,678
Total	$ 824,678	$ 1,299,052

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30:

	2013	2012
Land	$ 102,167	$ 97,167
Buildings	1,099,148	821,268
Furniture and equipment	1,338,949	1,154,479
Vehicles	858,616	626,578
Construction in progress	235,082	299,344
	3,633,962	2,998,836
Less accumulated depreciation	1,745,034	1,477,498
Property and equipment, net	$ 1,888,928	$ 1,521,338

Construction in progress represents costs incurred in connection with the construction of a laboratory and a maternity center. The laboratory was completed on July 27, 2013. The total cost of the project as of June 30, 2013 was $138,108 and the total cost at completion was $145,507. Completion of the maternity center is expected by December 31, 2014. The total cost of the project as of June 30, 2013 was $96,974 and the estimated total cost is $1,300,000.

At June 30, 2012, construction in progress represented costs incurred in connection with the construction of a spinal cord center, a maternity center and a house for the pregnant women at risk. The spinal cord center and the house for the pregnant women at risk were completed and placed in service during the year ended June 30, 2013. The total costs capitalized as part of building and improvements at June 30, 2013 for the spinal cord center and the house for the pregnant women at risk was $266,984 and $10,895, respectively.

Depreciation expense for the years ended June 30, 2013 and 2012 totaled $267,536 and $271,832, respectively.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

5. FAIR VALUE MEASUREMENT

Assets Measured at Fair Value on a recurring basis as of June 30, 2013 are as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 49,034	$ -	$ -	$ 49,034
Bonds:				
Corporate	615,504	-	-	615,504
Municipal	239,030	-	-	239,030
Government	98,796	-	-	98,796
	953,330	-	-	953,330
Common stock:				
Financials	152,000	-	-	152,000
Industrials	43,065	-	-	43,065
Health care	34,553	-	-	34,553
Consumer discretionary	34,476	-	-	34,476
Information technology	30,828	-	-	30,828
Energy	26,587	-	-	26,587
Consumer staples	25,610	-	-	25,610
Materials	11,343	-	-	11,343
Telecommunication service	8,601	-	-	8,601
Utilities	3,689	-	-	3,689
International	2,976	-	-	2,976
	373,728	-	-	373,728
Exchange traded funds	178,803	-	-	178,803
Mutual funds:				
Intermediate-term bond	93,337	-	-	93,337
Financial services	48,468	-	-	48,468
High yield bond	30,777	-	-	30,777
Real estate	25,571	-	-	25,571
Closed end funds	77,220	-	-	77,220
	275,373	-	-	275,373
	$ 1,830,268	$ -	$ -	$ 1,830,268

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

5. FAIR VALUE MEASUREMENT...continued

Assets Measured at Fair Value on a recurring basis as of June 30, 2012 are as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 22,727	$ -	$ -	$ 22,727
Bonds:				
Corporate	710,289	-	-	710,289
Municipal	273,074	-	-	273,074
Government	84,691	-	-	84,691
	1,068,054	-	-	1,068,054
Common stock:				
Industrials	94,969	-	-	94,969
Financials	47,530	-	-	47,530
Information technology	30,985	-	-	30,985
Consumer staples	28,767	-	-	28,767
Materials	28,321	-	-	28,321
Health care	24,990	-	-	24,990
Consumer discretionary	23,747	-	-	23,747
Energy	22,885	-	-	22,885
Telecommunication service	11,018	-	-	11,018
Utilities	6,466	-	-	6,466
	319,678	-	-	319,678
Mutual funds:				
Intermediate-term bond	92,236	-	-	92,236
Financial services	44,676	-	-	44,676
High yield bond	29,280	-	-	29,280
Real estate	25,610	-	-	25,610
	191,802	-	-	191,802
	$ 1,602,261	$ -	$ -	$ 1,602,261

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

6. INVESTMENTS

Investments at June 30, 2013 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain (Loss)
Money market	$ 49,034	$ 49,034	$ -
Bonds	953,330	970,645	(17,315)
Common stock	373,728	339,645	34,083
Mutual funds	275,373	285,275	(9,902)
Exchange traded funds	178,803	160,252	18,551
	$ 1,830,268	$ 1,804,851	$ 25,417

Investments at June 30, 2012 are stated at fair value and consisted of the following:

	Fair Value	Cost	Unrealized Gain (Loss)
Money market	$ 22,727	$ 22,727	$ -
Bonds	1,068,054	1,056,127	11,927
Common stock	319,678	310,721	8,957
Mutual funds	191,802	194,119	(2,317)
	$ 1,602,261	$ 1,583,694	$ 18,567

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2013 and 2012:

	2013	2012
Investment income	$ 86,696	$ 70,590
Net realized and unrealized gain on investments	26,960	7,603
	$ 113,656	$ 78,193

ST. BONIFACE HAITI FOUNDATION, INC.

Notes to Financial Statements
Years Ended June 30, 2013

7. ENDOWMENT

Endowment Net Asset Composition by Type of Fund as of June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 100,000	$ 100,000
Board-designated endowment funds	1,730,268	-	-	1,730,268
Total funds	$ 1,730,268	$ -	$ 100,000	$ 1,830,268

Changes in Endowment Net Assets for the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,602,261	$ -	$ -	$ 1,602,261
Investment return:				
Investment income	83,911	-	-	83,911
Net appreciation (realized and unrealized)	26,960	-	-	26,960
Investment expense	(9,868)	-	-	(9,868)
Total investment return	101,003	-	-	101,003
Other changes:				
Contributions	-	-	100,000	100,000
Donated investments	27,004	-	-	27,004
Total other changes	27,004	-	100,000	127,004
Endowment net assets, end of year	$ 1,730,268	$ -	$ 100,000	$ 1,830,268

Donor permanently restricted endowment was under water by an amount of $6,214 due to a decrease in the fair value of the investment.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

7. ENDOWMENT…continued

Endowment Net Asset Composition by Type of Fund as of June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated	$ 1,602,261	$ -	$ -	$ 1,602,261
Total endowment funds	$ 1,602,261	$ -	$ -	$ 1,602,261

Changes in Endowment Net Assets for the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,520,432	$ -	$ -	$ 1,520,432
Investment return:				
Investment income	67,673	-	-	67,673
Net appreciation (realized and unrealized)	7,603	-	-	7,603
Investment expense	(8,806)	-	-	(8,806)
Total investment return	66,470	-	-	66,470
Other changes:				
Donated investments	15,359	-	-	15,359
Total other changes	15,359	-	-	15,359
Endowment net assets, end of year	$ 1,602,261	$ -	$ -	$ 1,602,261

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

8. IN-KIND CONTRIBUTIONS

The Foundation received $2,853,900 and $2,630,990, respectively of in-kind contributions for the years ended June 30, 2013 and 2012, respectively. Following is a breakdown of the sources of income and the categories of expenses and assets for in-kind contributions:

	2013	2012
Income received:		
Services provided by medical personnel	$ 363,904	$ 358,400
Medicines/food/other supplies	2,200,096	2,062,936
Property and equipment	262,896	194,295
Investments	27,004	15,359
Total in-kind contributions received	$ 2,853,900	$ 2,630,990
Expenses reported:		
Supplies	$ 2,200,096	$ 2,062,936
Consultants	363,904	358,400
Total in-kind expenses reported	2,564,000	2,421,336
Assets reported:		
Property and equipment	262,896	194,295
Investments	27,004	15,359
Total in-kind expenses and assets reported	$ 2,853,900	$ 2,630,990

9. COMMITMENT

In November 2010, The Foundation entered into a lease agreement for its office space in Randolph, Massachusetts. The original term was expiring in October 2013, although the Foundation was able to negotiate with the landlord and terminated its lease in August 2013 with no penalty payment. The base rental is $4,000 per month.

In May 2013, the Foundation entered into a lease agreement for its new office space in Newton, Massachusetts. The lease agreement started August 1, 2013 and expires July 31, 2018. The base rental is $3,555 per month.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

9. COMMITMENT…continued

Total minimum future lease payments under the operating lease are as follows:

Years	Amounts
2014	$ 43,100
2015	42,655
2016	42,655
2017	42,655
2018	42,655
Thereafter	3,555
	$ 217,275

Lease expense for the years ended June 30, 2013 and 2012 was $48,000.

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30 2013 and 2012:

	2013	2012
Building construction and repairs projects	$ 169,725	$ 119,425
Time restriction	50,000	2,400
Hospital programs	46,191	-
Education programs	38,123	55,543
Other programs	23,120	1,900
Community development projects	18,958	43,014
Spinal cord injury program	5,418	11,238
Catastrophic Illness Fund	4,454	6,586
Nutrition programs	1,850	46,439
Total temporarily restricted net assets	$ 357,839	$ 286,845

11. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of an endowment totaling $100,000 as of June 30, 2013. The balance at June 30, 2013 is a medical scholarship program. There were no permanently restricted net assets as of June 30, 2012.

ST. BONIFACE HAITI FOUNDATION, INC.
Notes to Financial Statements
Years Ended June 30, 2013

12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses or costs satisfying the restricted purposes or by occurrence of events specified by the donors consisted of the following as of June 30, 2013 and 2012:

	2013	2012
Hospital programs	$ 111,469	$ 80,716
Education programs	104,075	79,205
Villa clinic	83,365	-
Other programs	72,213	83,825
Nutrition programs	44,589	14,941
Community development projects	43,851	23,791
Nursing program	31,300	43,205
Spinal cord injury program	6,820	3,762
Catastrophic illness fund	2,132	-
Social service program	-	11,664
Net assets released from program restrictions	499,814	341,109
Net assets released from capital restrictions	28,475	35,128
	$ 528,289	$ 376,237

13. RETIREMENT PLAN

The Foundation has a qualified defined contribution retirement plan (the Plan) for all eligible employees in Randolph, Massachusetts. The Plan is designed in accordance with the provisions of Section 403(b) of the Internal Revenue Code. Contributions are made by the Plan participants based on participant elections. Under the plan, employees may contribute up to the IRS indexed maximum amount for each calendar year. In addition, the Foundation may make matching contributions to the plan at the discretion of the Board of Directors. During the years ended June 30, 2013 and 2012, the Foundation did not make any contribution to the Plan.