

ST. BONIFACE HAITI FOUNDATION, INC.

D/B/A

HEALTH EQUITY INTERNATIONAL

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

AND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AND

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

YEAR ENDED JUNE 30, 2023

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
St. Boniface Haiti Foundation d/b/a Health Equity International
Newton, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International as of June 30, 2023 and 2022, 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.

Basis for Opinion

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 of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International adopted Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's ability to continue as a going concern for a reasonable period of time.

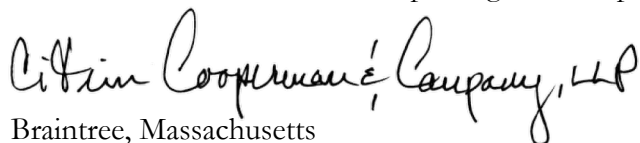
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 audits 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 schedule of expenditures of federal awards 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 March 27, 2024, on our consideration of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's 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. d/b/a Health Equity International's internal control over financial reporting and compliance.



Braintree, Massachusetts
March 27, 2024

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

ASSETS

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------------|-----------------------------|
| Current assets: | | |
| Cash | \$ 2,806,073 | \$ 3,382,820 |
| Grants and contracts receivable | 574,957 | 1,181,576 |
| Contributions receivable, current | 336,084 | 3,250 |
| Inventory, net | 1,063,770 | 1,117,228 |
| Prepaid expenses and other current assets | <u>231,307</u> | <u>228,065</u> |
| Total current assets | <u>5,012,191</u> | <u>5,912,939</u> |
| Property and equipment, net | <u>5,588,817</u> | <u>5,775,740</u> |
| Other assets: | | |
| Contributions receivables, net of current portion | 333,333 | - |
| Investments | 2,993,792 | 2,807,326 |
| Operating lease right-of-use assets | <u>238,362</u> | <u>-</u> |
| Total other assets | <u>3,565,487</u> | <u>2,807,326</u> |
| TOTAL ASSETS | <u>\$ 14,166,495</u> | <u>\$ 14,496,005</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|-----------------------------|-----------------------------|
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 2,814,849 | \$ 2,048,113 |
| Operating lease liabilities, current | <u>123,701</u> | <u>-</u> |
| Total current liabilities | 2,938,550 | 2,048,113 |
| Operating lease liabilities, net of current portion | <u>99,166</u> | <u>-</u> |
| Total liabilities | <u>3,037,716</u> | <u>2,048,113</u> |
| Net assets: | | |
| Without donor restrictions | 9,880,512 | 12,114,892 |
| With donor restrictions | <u>1,248,267</u> | <u>333,000</u> |
| Total net assets | <u>11,128,779</u> | <u>12,447,892</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 14,166,495</u> | <u>\$ 14,496,005</u> |

See accompanying notes to financial statements.

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

| | 2023 | | | 2022 | | |
|--|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues, gains, and other support: | | | | | | |
| Contributions | \$ 1,233,435 | \$ 1,481,600 | \$ 2,715,035 | \$ 1,811,885 | \$ 233,000 | \$ 2,044,885 |
| Special events, net of direct benefits to donors (\$ (115,732) and \$- for the years ended June 30, 2023 and 2022, respectively) | 1,738,266 | - | 1,738,266 | 2,651,934 | - | 2,651,934 |
| Foundation grants | 3,017,169 | - | 3,017,169 | 6,887,505 | - | 6,887,505 |
| Contracts and government grants | 4,708,182 | - | 4,708,182 | 1,463,705 | - | 1,463,705 |
| In-kind contributions | 141,877 | - | 141,877 | 935,463 | - | 935,463 |
| Hospital revenue | 88,305 | - | 88,305 | 225,761 | - | 225,761 |
| Endowment appropriation | 5,811 | (5,811) | - | - | - | - |
| Investment income, net | 75,606 | 5,287 | 80,893 | 70,047 | - | 70,047 |
| Realized and unrealized gains (losses) on investments | 103,992 | 524 | 104,516 | (402,450) | - | (402,450) |
| Net assets released from donor restrictions | 566,333 | (566,333) | - | 755,000 | (755,000) | - |
| Total revenues, gains, and other support | <u>11,678,976</u> | <u>915,267</u> | <u>12,594,243</u> | <u>14,398,850</u> | <u>(522,000)</u> | <u>13,876,850</u> |
| Expenses: | | | | | | |
| Program services: | | | | | | |
| Hospital | 2,630,985 | - | 2,630,985 | 1,855,114 | - | 1,855,114 |
| Infections Disease, AIDS, COVID Prevention and Treatment | 1,232,881 | - | 1,232,881 | 989,975 | - | 989,975 |
| Maternal & Child Health | 3,079,966 | - | 3,079,966 | 2,549,055 | - | 2,549,055 |
| Surgical Program | 1,623,862 | - | 1,623,862 | 2,076,729 | - | 2,076,729 |
| Villa Clinic | 273,327 | - | 273,327 | 304,975 | - | 304,975 |
| Community Health, Education & Development Programs | 449,382 | - | 449,382 | 3,582,534 | - | 3,582,534 |
| Improving Health Services in Southern Haiti | 3,563,836 | - | 3,563,836 | - | - | - |
| Total program services | <u>12,854,239</u> | <u>-</u> | <u>12,854,239</u> | <u>11,358,382</u> | <u>-</u> | <u>11,358,382</u> |
| Supporting services: | | | | | | |
| General and administrative | 403,062 | - | 403,062 | 363,696 | - | 363,696 |
| Fundraising | 621,026 | - | 621,026 | 481,238 | - | 481,238 |
| Total supporting services | <u>1,024,088</u> | <u>-</u> | <u>1,024,088</u> | <u>844,934</u> | <u>-</u> | <u>844,934</u> |
| Total expenses | <u>13,878,327</u> | <u>-</u> | <u>13,878,327</u> | <u>12,203,316</u> | <u>-</u> | <u>12,203,316</u> |
| Changes in net assets from operating activities | <u>(2,199,351)</u> | <u>915,267</u> | <u>(1,284,084)</u> | <u>2,195,534</u> | <u>(522,000)</u> | <u>1,673,534</u> |
| Non-operating activities: | | | | | | |
| Foreign currency exchange losses | (35,029) | - | (35,029) | (27,163) | - | (27,163) |
| Changes in net assets from non-operating activities | <u>(35,029)</u> | <u>-</u> | <u>(35,029)</u> | <u>(27,163)</u> | <u>-</u> | <u>(27,163)</u> |
| Changes in net assets | (2,234,380) | 915,267 | (1,319,113) | 2,168,371 | (522,000) | 1,646,371 |
| Net assets - beginning | 12,114,892 | 333,000 | 12,447,892 | 9,946,521 | 855,000 | 10,801,521 |
| NET ASSETS - ENDING | <u>\$ 9,880,512</u> | <u>\$ 1,248,267</u> | <u>\$ 11,128,779</u> | <u>\$ 12,114,892</u> | <u>\$ 333,000</u> | <u>\$ 12,447,892</u> |

See accompanying notes to financial statements.

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

2023

| | Program Services | | | | | | | Supporting Services | | | | | |
|--|---------------------|--|----------------------------|---------------------|-------------------|--|--|---------------------------|----------------------------------|-------------------|---------------------|---------------------------------|-------------------|
| | Hospital | Infections Disease, AIDS, COVID Prevention and Treatment | Maternal & Child Health | Surgical Program | Villa Clinic | Community Health, Education & Development Programs | Improving Health Services in Southern Haiti | Total Program Services | General and Administrative | | Fundraising | Total Supporting Services | Total Expenses |
| | | | | | | | | | | | | | |
| Employee compensation and related | \$ 1,178,384 | \$ 727,346 | \$ 1,813,306 | \$ 826,168 | \$ 101,301 | \$ 76,966 | \$ 1,172,924 | \$ 5,896,395 | \$ 171,452 | \$ 461,299 | \$ 632,751 | \$ 6,529,146 | |
| Supplies | 1,194,943 | 315,639 | 1,043,463 | 711,924 | 139,191 | 205,269 | 88,498 | 3,698,927 | 38,971 | 144,301 | 183,272 | 3,882,199 | |
| Consultants | 99,687 | 87,978 | 116,836 | 46,559 | 3,204 | 50,049 | 944,775 | 1,349,088 | 1,173 | 74,868 | 76,041 | 1,425,129 | |
| Other program expenses | 1,380 | 42,020 | 27,147 | - | 105 | 42,095 | 1,098,283 | 1,211,030 | - | - | - | 1,211,030 | |
| Depreciation | 143,230 | 50,009 | 67,901 | 32,384 | 26,057 | 1,883 | - | 321,464 | 26,193 | - | 26,193 | 347,657 | |
| Travel | 4,436 | 8,614 | 3,663 | 1,727 | 2,194 | 13,653 | 259,356 | 293,643 | 1,132 | 25,573 | 26,705 | 320,348 | |
| Other expenses | - | - | - | - | - | 58,192 | - | 58,192 | 31,209 | 30,717 | 61,926 | 120,118 | |
| Rent | - | - | - | - | - | - | - | - | 102,334 | - | 102,334 | 102,334 | |
| Audit and legal fees | 8,925 | 1,275 | 7,650 | 5,100 | 1,275 | 1,275 | - | 25,500 | 30,598 | - | 30,598 | 56,098 | |
| Total operating expenses | 2,630,985 | 1,232,881 | 3,079,966 | 1,623,862 | 273,327 | 449,382 | 3,563,836 | 12,854,239 | 403,062 | 736,758 | 1,139,820 | 13,994,059 | |
| Less expenses included with special event revenues on the statement of activities and changes in net assets: | - | - | - | - | - | - | - | - | - | (115,732) | (115,732) | (115,732) | |
| TOTAL EXPENSES | \$ 2,630,985 | \$ 1,232,881 | \$ 3,079,966 | \$ 1,623,862 | \$ 273,327 | \$ 449,382 | \$ 3,563,836 | \$ 12,854,239 | \$ 403,062 | \$ 621,026 | \$ 1,024,088 | \$ 13,878,327 | |

2022

| | Program Services | | | | | | | Supporting Services | | | | | |
|-----------------------------------|---------------------|--|----------------------------|---------------------|-------------------|--|--|---------------------------|-------------------------------|-------------------|-------------------|---------------------------------|-------------------|
| | Hospital | Infections Disease, AIDS, COVID Prevention and Treatment | Maternal & Child Health | Surgical Program | Villa Clinic | Community Health, Education & Development Programs | Improving Health Services in Southern Haiti | Total Program Services | General and Administrative | | Fundraising | Total Supporting Services | Total Expenses |
| | | | | | | | | | | | | | |
| Employee compensation and related | \$ 1,093,203 | \$ 644,143 | \$ 1,429,943 | \$ 1,063,874 | \$ 181,200 | \$ 523,744 | \$ - | \$ 4,936,107 | \$ 147,757 | \$ 258,476 | \$ 406,233 | \$ 5,342,340 | |
| Supplies | 433,569 | 187,845 | 896,683 | 822,433 | 88,532 | 1,804,835 | - | 4,233,897 | 40,036 | 113,604 | 153,640 | 4,387,537 | |
| Consultants | 132,730 | 24,848 | 118,409 | 67,035 | 6,600 | 1,116,122 | - | 1,465,744 | 7,525 | 80,175 | 87,700 | 1,553,444 | |
| Depreciation | 161,010 | 53,227 | 67,901 | 113,533 | 26,057 | 1,883 | - | 423,611 | 11,906 | - | 11,906 | 435,517 | |
| Other program expenses | 17,635 | 62,617 | 22,025 | 1,407 | 333 | 44,864 | - | 148,881 | - | - | - | 148,881 | |
| Other expenses | - | 1,723 | - | - | - | 66,837 | - | 68,560 | 25,096 | 22,554 | 47,650 | 116,210 | |
| Rent | - | - | - | - | - | - | - | - | 100,118 | - | 100,118 | 100,118 | |
| Travel | 8,305 | 14,335 | 6,669 | 3,497 | 1,016 | 23,012 | - | 56,834 | 476 | 6,429 | 6,905 | 63,739 | |
| Audit and legal fees | 8,662 | 1,237 | 7,425 | 4,950 | 1,237 | 1,237 | - | 24,748 | 30,782 | - | 30,782 | 55,530 | |
| TOTAL EXPENSES | \$ 1,855,114 | \$ 989,975 | \$ 2,549,055 | \$ 2,076,729 | \$ 304,975 | \$ 3,582,534 | \$ - | \$ 11,358,382 | \$ 363,696 | \$ 481,238 | \$ 844,934 | \$ 12,203,316 | |

See accompanying notes to financial statements.

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|---|----------------------------|----------------------------|
| Operating activities: | | |
| Changes in net assets | \$ (1,319,113) | \$ 1,646,371 |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 347,657 | 435,517 |
| Non cash lease expense | (15,495) | - |
| Realized and unrealized (gains) losses on investments | (104,516) | 402,450 |
| Changes in operating assets and liabilities: | | |
| Grants and contracts receivable | 606,619 | (457,638) |
| Contributions receivable | (666,167) | 18,250 |
| Inventory, net | 53,458 | (280,530) |
| Prepaid expenses and other current assets | (3,242) | (44,118) |
| Accounts payable and accrued expenses | 766,736 | 766,780 |
| Refundable advances | <u>-</u> | <u>(329,639)</u> |
| Net cash provided by (used in) operating activities | <u>(334,063)</u> | <u>2,157,443</u> |
| Investing activities: | | |
| Purchase of investments | (100,860) | (155,069) |
| Proceeds from sale of investments | 18,910 | 20,527 |
| Purchase of property and equipment | <u>(160,734)</u> | <u>(213,599)</u> |
| Net cash used in investing activities | <u>(242,684)</u> | <u>(348,141)</u> |
| Net increase (decrease) in cash | (576,747) | 1,809,302 |
| Cash - beginning | <u>3,382,820</u> | <u>1,573,518</u> |
| CASH - ENDING | <u>\$ 2,806,073</u> | <u>\$ 3,382,820</u> |
| Supplemental schedule for non-cash investing and financing activities: | | |
| Operating lease liabilities and right-of-use assets recognized in connection with implementation of ASC 842 on July 1, 2022 | <u>\$ 316,622</u> | <u>\$ -</u> |
| Supplemental disclosure of cash flow information: | | |
| Capital expenditures included in accounts payable | <u>\$ -</u> | <u>\$ 180,000</u> |

See accompanying notes to financial statements.

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. ORGANIZATION

St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International (the "Organization") is a Massachusetts incorporated nonprofit entity dedicated to providing high quality healthcare services to the people of southern Haiti through community-based preventive and clinical care. The Organization also works toward broader improvement and sustainability of quality healthcare in Haiti through programs such as the training of local health practitioners, disaster response, and partnering for impact with local and global health organizations. The Organization supports and operates St. Boniface Hospital located in Fond des Blancs, Haiti, a satellite clinic in Villa, Haiti and various community-based health programs in the region.

The Organization is proud to be leading a five year project beginning in 2023 funded by the U.S. Agency for International Development (USAID) to improve access to high quality healthcare in southern Haiti. The Partnership for Equity in Health project, known as Kore Sante locally, supports Haiti's Ministry of Health and several nonprofit organizations in providing high quality primary care services in the geographic departments of Grande Anse, Nippes, Sud, and Sud-Est. Through this work, the Organization hopes to further its mission of ensuring that all people, regardless of their ability to pay, have access to high quality, compassionate healthcare.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization 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.

Financial Statement Presentation

The Organization follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 *Presentation of Financial Statements of 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:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of trustees.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor had stipulated the funds be maintained in perpetuity.

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement of Operations

The Organization's operating revenue and expenses consist of those items attributable to the Organization's ongoing services and activities. Non-operating activities include gains or losses on foreign exchange rate currency conversions that do not directly relate to the Organization's general programs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management 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.

Cash

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At June 30, 2023 and 2022, cash balances in excess of federally insured limits totaled \$2,681,566 and \$2,986,305, respectively. The Organization has not experienced any losses in such accounts.

The Organization has a relationship with Bank of America and Merrill Lynch to access the institution's global treasury management tools enabling better risk control over global transactions, including foreign currency purchases and electronic funds transfers. At June 30, 2023 and 2022, cash held in foreign bank accounts totaled \$342,376 and \$138,084, respectively.

Grants and Contracts Receivable

Grants and contracts 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. Grant and contracts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2023 and 2022, management believes all outstanding receivables are collectible in full and therefore no allowance for doubtful accounts was recorded.

Inventory

Inventory consists of medicine and pharmacy supplies. Inventory is stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out ("FIFO") method.

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost or fair value, if received by donation. The Organization capitalizes expenditures for property and equipment in excess of \$1,000. Expenditures for major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets which are as follows:

| <u>Description</u> | <u>Years</u> |
|--------------------------------------|--------------|
| Buildings and leasehold improvements | 5 - 30 |
| Furniture and equipment | 3 - 10 |
| Vehicles | 3 |

Leasehold improvements are amortized over the lesser of the estimated useful life or the length of the lease. Amortization of leasehold improvements is included within depreciation expense.

Construction in Progress

Property and equipment includes construction in progress on certain projects which have not yet been completed or placed in service (Note 5).

Valuation of Long-Lived Assets

The Organization's long-lived assets, including the Organization's right-of-use assets, are reviewed for impairment in accordance with the guidance of the FASB ASC 360 *Property, Plant, and Equipment*, 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, 2023 and 2022, management has determined that long-lived assets are not impaired.

Leases

The Organization has operating lease agreement for a building under a term of seven years, with an option to extend for an additional year. The Organization has other operating lease agreements for other equipment with terms ranging from 16 months to 40 months. The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the statement of financial position.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Organization uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Certain leases contain fixed and determinable escalation clauses for which the Organization recognizes rental expense under these leases on the straight-line basis over the lease terms, which includes the period of time from when the Organization takes possession of the leased space and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments is included in other non-current liabilities through 2022 prior to the adoption of FASB ASC 842. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Investments

Investments in securities with readily determinable fair values are reported at their fair values. Investment income and investment gains and losses are reported as increases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Fair Value Measurement

The Organization follows the provisions of FASB ASC 820 *Fair Value Measurements* that 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 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 – Quoted prices that are available in active markets for identical assets or liabilities. The types of financial instruments included in Level 1 are marketable equity securities that are traded in an active exchange market.

Level 2 – Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities on active markets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following is a description of the valuation methodologies used for assets 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, 2023 and 2022.

- *Money market funds, exchange traded funds, mutual funds, and common stock* have been reported in the financial statements at fair value. The fair value of these securities is based upon quoted prices from an active market and are therefore categorized in level 1.
- *Bonds* have been reported in the financial statements at fair value. The fair value of these securities is estimated using recently executed transactions or market price quotations. These securities are categorized in level 2 as significant inputs are observable.

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 Organization 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.

Endowment

The Organization's endowment consists of donor-restricted funds. As required by U.S. GAAP, 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.

Interpretation of relevant law - The Organization manages its endowment consistent with the Massachusetts Act, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment (continued)

Return objectives and risk parameters - The Organization 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 Organization's assets while not impairing its ability to meet current obligations. Endowment assets represent board-designated funds and donor restricted funds for financial statement 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 Organization 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 Organization 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.

Spending policy and how the investment objectives relate to spending policy - The Organization 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 Organization'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 funds that are included in net assets without donor restrictions are designated by the board of trustees to support emergency needs and general operations of the Organization. The income and the appreciation earned on the funds that are donor restricted in perpetuity is available for a medical scholarship program.

Revenue Recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is 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 the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. No discount was recorded at June 30, 2023 as the amount of the calculated discount was immaterial to the financial statements as a whole. Grants and contributions received with donor-imposed or grantor-imposed restrictions that are fulfilled in the same year as received are reported as support without donor restrictions.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported as revenues with donor restrictions; the restrictions are considered to be released at the time the long-lived assets are placed in service.

Contributions of services are reported as revenues and expenses without donor restrictions at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. Contributions of goods are reported at fair value as revenues and expenses without donor restrictions at the time the goods are received.

A portion of the Organization's revenue is derived from cost-reimbursable and/or unit-rate federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures or provided the related services in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or providing the related services are reported as refundable advances in the accompanying statements of financial position.

In-Kind Donations

The Organization values and records donated medicine, food, supplies and property and equipment at estimated fair value at the time the donation is made.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the effective date of the reporting period. A gain or loss occurring from a transaction in a foreign currency is recognized as of the date the transaction occurs. Net transaction and translation gains and losses are included in the accompanying statements of activities and changes in net assets in the non-operating revenue and expense section as foreign currency exchange gain or loss.

Income Taxes

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from Federal and state income taxes. The Organization accounts for uncertain tax positions in accordance with FASB ASC 740 *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. The Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. At June 30, 2023 and 2022, management believes that the Organization has no material uncertain tax positions. The Organization files information tax returns as required by the Code in Federal and Massachusetts jurisdictions.

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, such as salaries and related expenses, are allocated on the basis of time and effort. Expenses such as depreciation and travel are allocated based on square footage and mileage.

Recently Adopted Accounting Pronouncement

Leases - In February 2016, FASB issued Accounting Standards Update ("ASU") No. 2016 - 02, *Leases* (Topic 842) ("FASB ASC 842"), as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and the expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets. The Organization adopted FASB ASC 842 under the modified retrospective method on July 1, 2022.

The Organization adopted the package of practical expedients available at transition that retained the lease classification under FASB ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. The Organization made the accounting policy elections to not recognize short-term leases on the statement of financial position and to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued But Not Yet Effective Accounting Pronouncements (continued)

In addition, at the date of initial application, the Organization recorded operating lease right of use assets and aggregate operating lease liabilities in the amount of \$316,622.

Recently Issued But Not Yet Effective Accounting Pronouncements

Credit Losses - In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. ASU 2016 - 13 is effective for nonprofit organizations for fiscal years beginning after December 15, 2022, including interim periods within those annual reporting periods. The Organization is currently evaluating the impact of the new standard on its financial statements and related disclosures.

Subsequent Events

The Organization has evaluated all events subsequent to the statement of financial position date of June 30, 2023, through the date which the financial statements were available to be issued, March 27, 2024, and has determined that, except as set forth in Note 8, there are no subsequent events that require disclosure under FASB ASC Topic 855 *Subsequent Events*.

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's available financial assets as of June 30, 2023:

| | |
|---|---------------------|
| Cash | \$ 2,806,073 |
| Grants and contracts receivable | 574,957 |
| Contributions receivable | 669,417 |
| Investments | <u>2,993,792</u> |
| Total financial assets available | 7,044,239 |
| Less: financial assets with donor restrictions | <u>(1,248,267)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 5,795,972</u> |

The Organization's goal is to maintain readily available financial assets to meet two months of operating expenses. The Organization has a line of credit available to meet cash flow needs with maximum borrowings of \$350,000 (Note 8). As part of management's liquidity plan, cash is maintained in checking and savings accounts and is readily available for use, with investments available for liquidation with board approval.

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NOTE 4. CONTRIBUTIONS RECEIVABLE

The expected collection period for contributions receivable consisted of the following as of June 30:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------------|-----------------|
| Receivable in less than one year | \$ 336,084 | \$ 3,250 |
| Receivable in one to five years | <u>333,333</u> | <u>-</u> |
| Gross contributions receivable | <u>\$ 669,417</u> | <u>\$ 3,250</u> |

There has been no discount recorded on long-term receivables as the amount is nominal for the year ended June 30, 2023.

NOTE 5. PROPERTY AND EQUIPMENT

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

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|---------------------|---------------------|
| Land | \$ 228,560 | \$ 228,560 |
| Buildings and leasehold improvements | 6,815,747 | 6,815,747 |
| Furniture and equipment | 3,369,596 | 3,328,653 |
| Vehicles | 1,514,526 | 1,484,026 |
| Website | 89,290 | - |
| Construction in progress | <u>180,000</u> | <u>180,000</u> |
| | 12,197,719 | 12,036,986 |
| Less: accumulated depreciation | <u>6,608,902</u> | <u>6,261,246</u> |
| Property and equipment, net | <u>\$ 5,588,817</u> | <u>\$ 5,775,740</u> |

Construction in progress consists of construction costs for rebuilding of the clinic in Haiti after damage caused by the earthquake in 2022. The project is expected to be completed in fiscal year 2024.

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NOTE 6. FAIR VALUE MEASUREMENT

The following fair value hierarchy table presents information about the Organization's investments measured at fair value on a recurring basis as of June 30, 2023:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|---------------------|-------------------|----------------|---------------------|
| Money market funds | \$ 481,115 | \$ - | \$ - | \$ 481,115 |
| Bonds: | | | | |
| Corporate | - | 192,306 | - | 192,306 |
| Municipal | - | <u>87,523</u> | - | <u>87,523</u> |
| Total bonds | - | <u>279,829</u> | - | <u>279,829</u> |
| Exchange-traded and closed-end funds | | | | |
| Equities | 594,512 | - | - | 594,512 |
| Fixed income | <u>229,804</u> | - | - | <u>229,804</u> |
| Total exchange-traded and closed-end funds | <u>824,316</u> | - | - | <u>824,316</u> |
| Mutual funds: | | | | |
| Intermediate-term bond | 272,481 | - | - | 272,481 |
| Non-traditional bond | 170,572 | - | - | 170,572 |
| World allocation | 141,294 | - | - | 141,294 |
| Real estate | 70,066 | - | - | 70,066 |
| Managed futures | 48,139 | - | - | 48,139 |
| Large growth | <u>46,041</u> | - | - | <u>46,041</u> |
| Total mutual funds | <u>748,593</u> | - | - | <u>748,593</u> |
| Common stock: | | | | |
| Information technology | 148,690 | - | - | 148,690 |
| Consumer discretionary | 119,136 | - | - | 119,136 |
| Financials | 82,087 | - | - | 82,087 |
| Healthcare | 60,956 | - | - | 60,956 |
| Industrials | 56,521 | - | - | 56,521 |
| Consumer staples | 42,486 | - | - | 42,486 |
| Materials | 40,598 | - | - | 40,598 |
| Real estate | 40,026 | - | - | 40,026 |
| Communication services | 25,258 | - | - | 25,258 |
| Energy | 24,799 | - | - | 24,799 |
| Utilities | 10,210 | - | - | 10,210 |
| Other | <u>9,172</u> | - | - | <u>9,172</u> |
| Total common stock | <u>659,939</u> | - | - | <u>659,939</u> |
| | <u>\$ 2,713,963</u> | <u>\$ 279,829</u> | <u>\$ -</u> | <u>\$ 2,993,792</u> |

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NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following fair value hierarchy table presents information about the Organization's investments measured at fair value on a recurring basis as of June 30, 2022:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|---------------------|-------------------|----------------|---------------------|
| Money market funds | \$ 427,485 | \$ - | \$ - | \$ 427,485 |
| Bonds: | | | | |
| Corporate | - | 190,672 | - | 190,672 |
| Municipal | <u>-</u> | <u>91,038</u> | <u>-</u> | <u>91,038</u> |
| Total bonds | <u>-</u> | <u>281,710</u> | <u>-</u> | <u>281,710</u> |
| Exchange-traded and closed-end funds | | | | |
| Equities | 539,497 | - | - | 539,497 |
| Fixed income | <u>229,877</u> | <u>-</u> | <u>-</u> | <u>229,877</u> |
| Total exchange-traded and closed-end funds | <u>769,374</u> | <u>-</u> | <u>-</u> | <u>769,374</u> |
| Mutual funds: | | | | |
| Intermediate-term bond | 277,197 | - | - | 277,197 |
| Non-traditional bond | 173,250 | - | - | 173,250 |
| World allocation | 133,270 | - | - | 133,270 |
| Real estate | 69,412 | - | - | 69,412 |
| Managed futures | 51,997 | - | - | 51,997 |
| Large growth | <u>37,889</u> | <u>-</u> | <u>-</u> | <u>37,889</u> |
| Total mutual funds | <u>743,015</u> | <u>-</u> | <u>-</u> | <u>743,015</u> |
| Common stock: | | | | |
| Information technology | 113,673 | - | - | 113,673 |
| Consumer discretionary | 96,681 | - | - | 96,681 |
| Financials | 72,274 | - | - | 72,274 |
| Healthcare | 62,082 | - | - | 62,082 |
| Real estate | 53,116 | - | - | 53,116 |
| Industrials | 48,728 | - | - | 48,728 |
| Consumer staples | 38,004 | - | - | 38,004 |
| Materials | 35,348 | - | - | 35,348 |
| Communication services | 25,758 | - | - | 25,758 |
| Energy | 23,533 | - | - | 23,533 |
| Other | 8,709 | - | - | 8,709 |
| Utilities | <u>7,836</u> | <u>-</u> | <u>-</u> | <u>7,836</u> |
| Total common stock | <u>585,742</u> | <u>-</u> | <u>-</u> | <u>585,742</u> |
| | <u>\$ 2,525,616</u> | <u>\$ 281,710</u> | <u>\$ -</u> | <u>\$ 2,807,326</u> |

NOTE 7. ENDOWMENT

Endowment net asset composition by type of fund as of June 30:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------------|-------------------|
| Donor restricted endowment funds | \$ <u>100,000</u> | \$ <u>100,000</u> |
| Total funds | <u>\$ 100,000</u> | <u>\$ 100,000</u> |

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NOTE 7. ENDOWMENT (CONTINUED)

Changes in endowment net assets with donor restrictions for the year ended June 30:

| | <u>2023</u> | <u>2022</u> |
|--|--------------------------|--------------------------|
| Endowment net assets, beginning of year | \$ <u>100,000</u> | \$ <u>100,000</u> |
| Investment return: | | |
| Investment income, net | 5,287 | - |
| Net appreciation (realized and unrealized) | <u>524</u> | <u>-</u> |
| Total investment return | <u>5,811</u> | <u>-</u> |
| Other changes: | | |
| Endowment appropriation | <u>(5,811)</u> | <u>-</u> |
| Total other changes | <u>(5,811)</u> | <u>-</u> |
| Endowment net assets, end of year | \$ <u><u>100,000</u></u> | \$ <u><u>100,000</u></u> |

NOTE 8. LINE OF CREDIT

The Organization has a line of credit with a maximum borrowing limit of \$350,000 and expires on December 31, 2023. Interest is payable at the LIBOR rate (5.18% and 1.45% at June 30, 2023 and 2022, respectively). At June 30, 2023 and 2022, there was no outstanding balance on the line of credit.

Subsequent to year-end, the line of credit was renewed through December 31, 2024. Interest is payable at the Prime Rate plus 0.40%

NOTE 9. IN-KIND CONTRIBUTIONS

The Organization received \$141,877 and \$935,463 of in-kind contributions for the years ended June 30, 2023 and 2022, respectively. The following is a summary of the sources of income and the categories of expenses and assets of the in-kind contributions:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|--------------------------|--------------------------|
| Income received: | | |
| Medicine/food/supplies | \$ 116,977 | \$ 935,463 |
| Property and equipment | <u>24,900</u> | <u>-</u> |
| Total in-kind contributions received | <u><u>\$ 141,877</u></u> | <u><u>\$ 935,463</u></u> |
| Expenses reported: | | |
| Medicine/food/supplies | \$ 116,977 | \$ 935,463 |
| Program equipment | <u>24,900</u> | <u>-</u> |
| Total in-kind expenses reported | <u><u>\$ 141,877</u></u> | <u><u>\$ 935,463</u></u> |

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NOTE 9. IN-KIND CONTRIBUTIONS (CONTINUED)

Donations of supplies are valued at the estimated price of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utilities for use at the time of contribution.

The recorded amounts are classified as in-kind contributions in the accompanying statements of activities and are allocated to the appropriate line item based on type of donation within the statements of functional expenses.

NOTE 10. COMMITMENTS

The Organization has a seven year lease agreement for office space in Newton, Massachusetts which expires on September 1, 2025 and other lease agreements for office equipment which expire between November 2023 and December 2025. Lease expense for the years ended June 30, 2023 and 2022 totaled \$102,334 and \$100,118, respectively.

Maturities of the operating lease liabilities as of June 30, 2023, is as follows:

| <u>Years ended June 30:</u> | <u>Amount</u> |
|---|------------------|
| 2024 | \$ 104,023 |
| 2025 | 107,252 |
| 2026 | <u>18,176</u> |
| Total minimum lease payments | 229,451 |
| Less: interest | <u>6,584</u> |
| Present value of operating lease liabilities | 222,867 |
| Less: current portion | <u>123,701</u> |
| Operating lease liabilities, net of current portion | <u>\$ 99,166</u> |

Supplemental cash flow information related to leases was as follows:

Cash paid for amount included in measurement of lease liabilities:

| | |
|--|-------------------|
| Operating cash flows from operating leases | <u>\$ 101,328</u> |
|--|-------------------|

Average lease terms and discount rates were as follows:

| | |
|--|--------|
| Weighted-average remaining lease term: | |
| Operating leases (years) | 2.17 |
| Weighted-average discount rate: | |
| Operating leases (%) | 2.85 % |

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NOTE 11. RELATED PARTY TRANSACTIONS

A board member of the Organization is also a board member of Build Health International ("BHI"), a nonprofit organization, which provided services related to shipping and customs clearance processes during the year ended June 30, 2023, and services in connection with the initial work on solar and oxygen additions at the hospital in Haiti during the year ended June 30, 2022. BHI also supplies goods and services related to general repairs and maintenance of properties owned and operated by the Organization in Haiti. Services provided by BHI totaled \$101,197 and \$252,275 for the years ended June 30, 2023 and 2022, respectively.

The Organization also directly reimbursed BHI for customs fees and other purchases upon request. These expenses totaled \$260,459 and \$375,979 for the years ended June 30, 2023 and 2022, respectively.

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions that are temporary in nature consisted of the following as of June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|--------------------------|
| Time restricted | \$ <u>1,142,456</u> | \$ <u>233,000</u> |
| Total net assets with donor restrictions | \$ <u><u>1,142,456</u></u> | \$ <u><u>233,000</u></u> |

The Organization also has net assets with donor restrictions that are perpetual in nature, for which the income and the appreciation earned is available for a medical scholarship program. Net assets with perpetual donor restrictions totaled \$100,000 at June 30, 2023 and 2022 (Note 7).

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 for the years ended June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| Time restrictions | \$ <u>566,333</u> | \$ <u>755,000</u> |
| Net assets released from donor restrictions | 566,333 | 755,000 |
| Endowment appropriation | <u>5,811</u> | <u>-</u> |
| | \$ <u><u>572,144</u></u> | \$ <u><u>755,000</u></u> |

NOTE 13. RETIREMENT PLAN

The Organization has a qualified defined contribution retirement plan ("the Plan") for all eligible employees. The Plan is designed in accordance with the provisions of Section 401(k) 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 Organization may make matching contributions to the plan at the discretion of the board of trustees. During the years ended June 30, 2023 and 2022, the Organization made \$65,379 and \$56,922 in contributions to the Plan, respectively.

SUPPLEMENTARY INFORMATION

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u> | <u>Federal Assistance Listing Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Amount Passed Through to Subrecipients</u> | <u>Total Federal Expenditures</u> |
|--|--|---|---|-----------------------------------|
| U.S. Department of Health and Human Services: | | | | |
| Pass-through program from: | | | | |
| Christian Medical Mission Board-USCC Global AIDS | 93.067 | 1NU2GGH001970-01-00 | \$ - | \$ 315,211 |
| Direct program: | | | | |
| Mental Health Research Grants | 93.242 | N/A | - | 28,713 |
| Total U.S. Department of Health and Human Services | | | - | 343,924 |
| U.S. Agency for International Development: | | | | |
| Direct program: | | | | |
| USAID Foreign Assistance for Programs Overseas | 98.001 | N/A | 1,701,355 | 4,371,616 |
| Ocean Freight Reimbursement Program (OFR) | 98.003 | N/A | - | 21,356 |
| Total U.S. Agency for International Development | | | 1,701,355 | 4,392,972 |
| Total Expenditures of Federal Awards | | | \$ 1,701,355 | \$ 4,736,896 |

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal assistance activity of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International (the "Organization") under programs of the federal government for the year ended June 30, 2023. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International.

NOTE 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. Indirect Cost Rate

The Organization elected not to use the 10% de minimis cost rate for its Federal programs.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International
Newton, Massachusetts

We have audited, in accordance with the 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, the financial statements of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

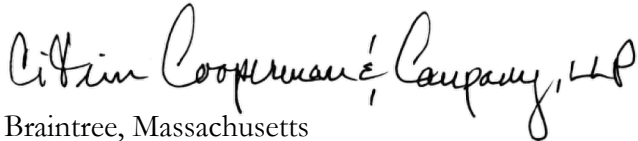
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.



Braintree, Massachusetts

March 27, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International
Newton, Massachusetts

Report on Compliance for The Major Federal Program

Opinion on The Major Federal Program

We have audited St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's compliance with the types of compliance requirements identified as subject to the audit in the *OMB Compliance Supplement* that could have a direct and material effect on St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's major federal program for the year ended June 30, 2023. St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's compliance with the compliance requirements referred to above.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of St. Boniface Haiti Foundation, Inc. d/b/a Health Equity International's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

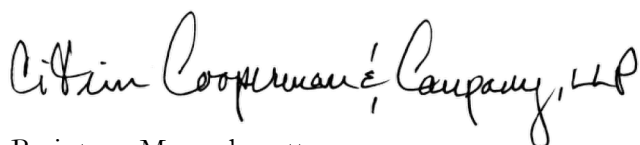
Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance, accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Braintree, Massachusetts
March 27, 2024

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

| | | |
|---|--|---------------|
| 1 | Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2 | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None reported |
| 3 | Noncompliance material to financial statements noted? | No |

Federal Awards

| | | |
|---|--|----------------------------|
| 4 | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None reported |
| 5 | Type of auditor's report issued on compliance for major programs | Unmodified |
| 6 | Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 7 | Identification of major federal programs: | Federal Assistance Listing |

Name of Federal Program or Cluster

Number(s)

| | | |
|---|---|------------|
| | USAID Foreign Assistance for Programs Overseas | 98.001 |
| 8 | Dollar threshold used to distinguish between Type A programs and Type B programs: | \$ 750,000 |
| 9 | Auditee qualifies as a low risk auditee? | Yes |

B. FINANCIAL STATEMENT FINDINGS

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**ST. BONIFACE HAITI FOUNDATION, INC. D/B/A
HEALTH EQUITY INTERNATIONAL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

A. FINANCIAL STATEMENT FINDINGS

None

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None