

**The Grant Foundation
d/b/a Hôpital Albert Schweitzer
Haiti**

Financial Statements

**Years Ended December 31, 2018 and 2017
with Independent Auditor's Report**

MaherDuessel

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**THE GRANT FOUNDATION
D/B/A HÔPITAL ALBERT SCHWEITZER HAITI**

YEARS ENDED DECEMBER 31, 2018 AND 2017

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Independent Auditor's Report

**Board of Directors
The Grant Foundation
d/b/a Hôpital Albert
Schweitzer Haiti**

We have audited the accompanying financial statements of The Grant Foundation d/b/a Hôpital Albert Schweitzer Haiti (HAS), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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 did not audit the financial statements of the Haiti-based operations of HAS, whose assets constitute forty percent in 2018 and twenty-eight percent in 2017 of HAS as a whole, and whose total unrestricted support and revenues constitute fourteen percent in 2018 and eleven percent in 2017, of the related totals as presented in Note 15. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haiti-based operations of HAS, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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, based on our audits and the report of the other auditors for 2018 and 2017, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of HAS as of December 31, 2018 and 2017, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, HAS adopted ASU-2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* which amends the requirements for financial statements for nonprofit entities. The amendment changes how a nonprofit organization classifies net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity, among other requirements. Our opinion is not modified with respect to this matter.

Maher Duessel

Pittsburgh, Pennsylvania
May 17, 2019

THE GRANT FOUNDATION
D/B/A HÔPITAL ALBERT SCHWEITZER HAITI

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Assets | | |
| <hr/> | | |
| Current assets: | | |
| Cash and cash equivalents (Note 3) | \$ 1,067,524 | \$ 1,011,658 |
| Accounts and contributions receivable (Note 4) | 107,203 | 282,359 |
| Grants receivable (Note 5) | 12,071 | - |
| Inventories (Note 6) | 1,312,663 | 1,388,474 |
| Security deposit | 8,111 | 6,695 |
| Advances to suppliers and prepaid expenses | 8,917 | 18,894 |
| Total current assets | 2,516,489 | 2,708,080 |
| Non-current assets: | | |
| Investments (Note 7) | 7,657,565 | 11,831,796 |
| Fixed assets (Note 8) | 3,713,402 | 3,491,046 |
| Total non-current assets | 11,370,967 | 15,322,842 |
| Total Assets | \$ 13,887,456 | \$ 18,030,922 |
| Liabilities and Net Assets | | |
| <hr/> | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses (Note 9) | \$ 563,234 | \$ 452,556 |
| Deferred revenue | 19,060 | 6,060 |
| Accrued pension liability - current | 11,310 | 12,483 |
| Total current liabilities | 593,604 | 471,099 |
| Non-current liabilities: | | |
| Deferred revenue | 6,060 | 12,120 |
| Accrued pension liability (Note 10) | 42,732 | 55,198 |
| Total non-current liabilities | 48,792 | 67,318 |
| Total Liabilities | 642,396 | 538,417 |
| Net Assets: | | |
| <hr/> | | |
| Without donor restrictions: | | |
| Undesignated | 7,512,113 | 10,696,838 |
| Board-designated for endowment (Note 12) | 2,000,000 | 2,000,000 |
| Total without donor restrictions | 9,512,113 | 12,696,838 |
| With donor restrictions: | | |
| Time and purpose restrictions (Note 11) | 1,346,902 | 1,897,165 |
| Perpetual in nature (Note 12) | 2,386,045 | 2,898,502 |
| Total with donor restrictions | 3,732,947 | 4,795,667 |
| Total Net Assets | 13,245,060 | 17,492,505 |
| Total Liabilities and Net Assets | \$ 13,887,456 | \$ 18,030,922 |

See accompanying notes to financial statements.

THE GRANT FOUNDATION
D/B/A HÔPITAL ALBERT SCHWEITZER HAITI

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| Revenues and Public Support: | | | |
| Contributions | \$ 1,378,699 | \$ 2,057,054 | \$ 3,435,753 |
| Fundraising revenue | 503,652 | - | 503,652 |
| Hospital and community services fees | 484,994 | - | 484,994 |
| Contributed drugs, supplies, and services | 118,587 | - | 118,587 |
| Sundry (loss) income (Note 16) | 73,875 | - | 73,875 |
| Foreign exchange (loss) gain, net | 57,680 | - | 57,680 |
| Return on Investments, net (Note 7) | (162,821) | (511,484) | (674,305) |
| Subtotal revenues and support | 2,454,666 | 1,545,570 | 4,000,236 |
| Net assets released from restrictions (Note 11) | 2,608,290 | (2,608,290) | - |
| Total revenues and public support | 5,062,956 | (1,062,720) | 4,000,236 |
| Expenses: | | | |
| Program expenses: | | | |
| Hospital operations (Note 14) | 5,565,094 | - | 5,565,094 |
| Community Health (Note 14) | 971,973 | - | 971,973 |
| Community Development (Note 14) | 178,403 | - | 178,403 |
| Depreciation (Note 8 & 14) | 430,510 | - | 430,510 |
| Total program expenses | 7,145,980 | - | 7,145,980 |
| Administrative and support expenses: | | | |
| General and Administrative (Note 14) | 264,245 | - | 264,245 |
| Fundraising (Note 14) | 835,520 | - | 835,520 |
| Depreciation (Note 8 & 14) | 1,936 | - | 1,936 |
| Total administrative expenses | 1,101,701 | - | 1,101,701 |
| Total expenses (Note 14) | 8,247,681 | - | 8,247,681 |
| Change in Net Assets | (3,184,725) | (1,062,720) | (4,247,445) |
| Net Assets: | | | |
| Beginning of year | 12,696,838 | 4,795,667 | 17,492,505 |
| End of year | \$ 9,512,113 | \$ 3,732,947 | \$ 13,245,060 |

See accompanying notes to financial statements.

THE GRANT FOUNDATION
D/B/A HÔPITAL ALBERT SCHWEITZER HAITI

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| Revenues and Public Support: | | | |
| Contributions | \$ 2,054,730 | \$ 2,750,721 | \$ 4,805,451 |
| Fundraising revenue | 616,168 | - | 616,168 |
| Hospital and community services fees | 456,101 | - | 456,101 |
| Contributed drugs, supplies, and services | 166,439 | - | 166,439 |
| Sundry (loss) income (Note 16) | 185,766 | - | 185,766 |
| Foreign exchange (loss) gain, net | 35,498 | - | 35,498 |
| Return on Investments, net (Note 7) | 1,218,842 | 407,817 | 1,626,659 |
| Subtotal revenues and support | 4,733,544 | 3,158,538 | 7,892,082 |
| Net assets released from restrictions (Note 11) | 2,728,651 | (2,728,651) | - |
| Total revenues and public support | 7,462,195 | 429,887 | 7,892,082 |
| Expenses: | | | |
| Program expenses: | | | |
| Hospital operations (Note 14) | 4,974,410 | - | 4,974,410 |
| Community Health (Note 14) | 1,157,451 | - | 1,157,451 |
| Community Development (Note 14) | 191,850 | - | 191,850 |
| Depreciation (Note 8) | 369,741 | - | 369,741 |
| Total program expenses | 6,693,452 | - | 6,693,452 |
| Administrative and support expenses: | | | |
| General and Administrative (Note 14) | 277,812 | - | 277,812 |
| Fundraising (Note 14) | 811,652 | - | 811,652 |
| Depreciation (Note 14) | 2,229 | - | 2,229 |
| Total administrative expenses | 1,091,693 | - | 1,091,693 |
| Total expenses (Note 14) | 7,785,145 | - | 7,785,145 |
| Change in Net Assets | (322,950) | 429,887 | 106,937 |
| Net Assets: | | | |
| Beginning of year | 13,019,788 | 4,365,780 | 17,385,568 |
| End of year | \$ 12,696,838 | \$ 4,795,667 | \$ 17,492,505 |

See accompanying notes to financial statements.

THE GRANT FOUNDATION
D/B/A HÔPITAL ALBERT SCHWEITZER HAITI

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|----------------|--------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ (4,247,445) | \$ 106,937 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Net unrealized (increase) decrease in fair value of investments | 1,876,688 | (953,139) |
| Net realized (gain) loss on sale of investments | (1,055,544) | (496,434) |
| Loss on sale of fixed assets | 552 | - |
| Contributions restricted for long-lived assets | (430,000) | (345,873) |
| Depreciation (Note 8) | 432,446 | 371,970 |
| Change in: | | |
| Accounts and contributions receivable | 175,156 | (51,344) |
| Grants receivable | (12,071) | 26,797 |
| Inventories | 75,811 | (26,357) |
| Security deposit | (1,416) | 20,647 |
| Advances to suppliers and prepaid expenses | 9,977 | 4,060 |
| Accounts payable and accrued expenses | 110,678 | 19,799 |
| Deferred revenue | 6,940 | (6,060) |
| Accrued pension liability | (13,639) | (11,675) |
| Net cash provided by (used in) operating activities | (3,071,867) | (1,340,672) |
| Cash Flows From Investing Activities: | | |
| Additions to land, buildings, construction in progress, and equipment (Note 8) | (655,904) | (751,670) |
| Proceeds from sale of fixed assets | 550 | - |
| (Purchase) sales of investments, net | 3,353,087 | 1,315,661 |
| Net cash provided by (used in) investing activities | 2,697,733 | 563,991 |
| Cash Flows From Financing Activities: | | |
| Contributions for long-lived assets | 430,000 | 345,873 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 55,866 | (430,808) |
| Cash and Cash Equivalents: | | |
| Beginning of year | 1,011,658 | 1,442,466 |
| End of year (Note 3) | \$ 1,067,524 | \$ 1,011,658 |

See accompanying notes to financial statements.

THE GRANT FOUNDATION D/B/A HÔPITAL ALBERT SCHWEITZER HAITI

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

1. Organization

The Grant Foundation, doing business as Hôpital Albert Schweitzer Haiti (HAS), is a not-for-profit corporation, registered in the State of Pennsylvania, USA, which supports and maintains operations in Deschapelles, Haiti. As referenced in le Moniteur (the Official Publication of the Government of Haiti) of October 1, 1953, under a contract between the Haitian Government and HAS, HAS is authorized to establish and maintain a hospital in Haiti.

HAS was founded in 1956 and its mission is to collaborate with the people in the Artibonite Valley District of Haiti as they strive to improve their health and quality of life. The financial statements include the operations of HAS USA and the operations of HAS Haiti.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting, recognizing revenues when earned and recording expenses when incurred. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. Certain net assets without donor restrictions are designated by the Board of Directors (Board) for specific purposes.

Net Assets With Donor Restrictions

Some donor-imposed restrictions are temporary in nature, such as those that will met by either the actions of HAS and/or the passage of time. Other donor-imposed restrictions are perpetual in nature. Generally, the donors of these assets permit the use of all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

When a donor restriction expires, that is, when a stipulated time restriction ends and/or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

(b) Cash and Cash Equivalents

For purposes of the statements of cash flows, HAS considers all highly liquid investments with original maturity of three months or less when purchased to be cash equivalents.

(c) Investments

Investments are stated at fair value, which is based on quoted market prices. Gains or losses realized on sales and changes in net unrealized gains or losses are presented in the statements of activities unless otherwise instructed by the donor for endowment related contributions.

HAS utilizes various investment instruments. Investment securities are stated at fair value and, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the financial statements.

Unless otherwise prescribed by the donor, earnings on the investment of endowment net assets are donor-restricted until released to net assets without donor restrictions by approval of the Board; such unreleased investment income is reflected within the net assets with donor restrictions class.

(d) Accounts Receivable

Receivables are reported at net realizable value. Accounts receivable are written off to expenses using the direct write-off method if and when they are determined to be uncollectable.

THE GRANT FOUNDATION D/B/A HÔPITAL ALBERT SCHWEITZER HAITI

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(e) Inventories

Inventories are valued at the lower of average cost or net realizable value. Inventories are expensed as used or, if they are determined to be spoiled, expired, or obsolete, at the time they are so determined.

(f) Contributions

Contributions without donor restrictions are recorded as revenue upon receipt. When contributions are received for a restricted use, they are recorded as donor-restricted contributions and reported as net assets with donor restrictions.

Unconditional promises to give cash and other assets to HAS are recorded at fair value at the date the promise is received. Promises expected to be collected in future years are recorded as net assets with donor restrictions, at the present value of their estimated future cash flows. The discounts on those amounts are computed using appropriate interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Non-cash contributions, such as drugs, supplies, and services, are recorded as revenue without donor restrictions when received, at their estimated fair market value to the organization. Contributed goods are expensed when used. Contributed services are expensed at the time the services are received.

(g) Grants

HAS maintains contractual agreements with international donors whereby it manages programs funded by those donors. Grants received under those programs are recorded as net assets with donor restrictions until related expenses are incurred; at that time, they are recorded as net assets released from restrictions.

Grants receivable in relation to contractual agreements represent expenses already incurred for which funds will be forthcoming under the terms of the agreements and grants promised.

THE GRANT FOUNDATION D/B/A HÔPITAL ALBERT SCHWEITZER HAITI

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(h) Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

(i) Concentration of Credit Risk

HAS's financial instruments exposed to credit risk consist primarily of cash and cash equivalents, investments, grants and accounts receivable, and customs deposits. When valuing those instruments, HAS routinely assesses the financial strength of the financial institutions it uses and the quality of its receivables and the risk of its customs deposits, and, as a consequence, believes that for its cash and cash equivalents, grants receivable, accounts receivable, and customs deposits, credit risk exposure is very limited.

(j) Income Taxes

HAS is a not-for-profit corporation as described in Section 501(c)(3) of the United States Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 509(a)(1) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is necessary. HAS is also exempt from sales and income taxes. Further, HAS annually files a Form 990 and, if necessary, a Form 990T for unrelated business activities.

(k) Fixed Assets

Land, building, and equipment are recorded at cost or, if donated, at fair market value at date of receipt. The cost of buildings and equipment is depreciated over the estimated useful lives of the various classes using primarily the straight-line method, as follows:

| | <u>Years</u> |
|--------------------|--------------|
| Buildings | 20 |
| Vehicles | 4 |
| Equipment | 4, 5, and 10 |
| Computer equipment | 5 |
| Generators | 5 |

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Investments in progress are transferred to the corresponding category of buildings and equipment, and then depreciated over their estimated useful lives from the time they are put into use.

Depreciation methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

(l) Hospital and Dispensary Fees

HAS charges a range of service fees to all patients unless the patient qualifies for a social service subsidy. Only amounts collected are reflected in the financial statements, as they are the only fees to be realized. A moderate charge is made for any elective surgeries which may be performed for a patient and for several other services performed for out-district patients.

(m) Defined Benefit Pension Plan

HAS maintains a defined benefit pension plan for former employees who were pensioners as of December 31, 2006. The pension plan provides defined pension benefits based upon years of credited services and final average earnings. In accordance with GAAP, an actuarial valuation was obtained to support the accrued pension liability as of December 31, 2018, and the net periodic benefit cost for the year then ended. For 2018 and 2017, projections were made by the actuaries based upon the 2015 report.

The initial net transition obligation has been amortized over the expected future lifetime of the plan participants at the date established using 4.90 years and a straight-line amortization method. Cumulative gains and losses in excess of 10% of the Projected Benefit Obligation have been amortized over the expected future lifetime of the plan participants.

The pension plan does not maintain any assets; the net periodic benefit cost is funded from net assets without donor restrictions.

(n) Foreign Exchange and Foreign Exchange Risk

The functional currency of HAS is the United States Dollar (USD). Monetary assets and liabilities stated in Haitian Gourdes are converted to US Dollars at the exchange rate

THE GRANT FOUNDATION D/B/A HÔPITAL ALBERT SCHWEITZER HAITI

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

prevailing at year-end. Gains and losses resulting from this conversion are included in the statements of activities.

Transactions in Haitian Gourdes are converted at the exchange rate in effect at the transaction date.

HAS is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The table below summarizes the allocation of HAS's financial assets and liabilities carried in Haitian Gourdes converted to USD below as of December 31, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 29,779 | \$ 54,589 |
| Accounts and grants receivable | 1,595 | 1,138 |
| Total assets | 31,374 | 55,727 |
| Accounts payable and accrued liabilities | 408,084 | 320,124 |
| Net | <u>\$ (376,710)</u> | <u>\$ (264,397)</u> |

The rates of exchange published by the Central Bank of Haiti as of December 31, 2018 and 2017, respectively, were G 77.2 and G 67.7 for one US Dollar. As of December 31, 2018 and 2017, for each variation of one Gourde versus the US Dollar, the currency position in Haitian Gourdes converted would result in an exchange gain or loss of \$4,880 and \$4,152, respectively, as the case may be.

(o) Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Amounts are allocated among the classifications using a variety of cost allocation techniques such as management's identification of direct costs, purpose of expenses, and department where the expenses are generated.

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NOTES TO FINANCIAL STATEMENTS

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(p) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the hospital's processes, personnel, technology, and infrastructure, and from external factors other than credit, foreign exchange, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risk arises from all of the hospital's operations.

The hospital's objective regarding operational risk is to balance the avoidance of financial losses and damage to the hospital's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

(q) Adopted Pronouncements

The requirements of the following Financial Accounting Standards Board (FASB) statement were adopted for the financial statements:

ASU No. 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flows, and liquidity. Main provisions of this guidance include:

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NOTES TO FINANCIAL STATEMENTS

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presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. The provisions of this statement have been adopted and incorporated into these financial statements.

(r) Pending Pronouncements

FASB has issued Amendments that will become effective in future years as outlined below. Management has not yet determined the impact of these Amendments on the financial statements:

ASU 2014-09, *“Revenue from Contracts with Customers (Topic 606),”* is effective for the financial statements for the year ending December 31, 2019. This Amendment provides guidance for revenue recognition related to contracts with the transfer of promised goods or services to customers and related disclosures.

ASU-2016-02, *“Leases (Topic 842),”* is effective for the financial statements for the year ending December 31, 2020. This Amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2016-18, *“Statement of Cash Flows (Topic 23): Restricted Cash,”* is effective for the financial statements for the year ending December 31, 2019. This Amendment requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

ASU 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958),”* is effective for the financial statements for the year ending December 31, 2019. This Amendment provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions

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NOTES TO FINANCIAL STATEMENTS

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(exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

(s) Reclassification

Certain items for 2017 have been reclassified to conform to the 2018 presentation. The reclassification had no effect on the change in net assets.

(t) Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. Cash and Cash Equivalents

As of December 31, cash and cash equivalents are as follows:

| | 2018 | 2017 |
|-------------------------------|--------------|--------------|
| Cash on hand | \$ 12,107 | \$ 17,199 |
| Non-interest bearing accounts | 764,472 | 657,582 |
| Interest bearing accounts | 290,945 | 336,877 |
| | \$ 1,067,524 | \$ 1,011,658 |

Interest-bearing accounts in the United States of America represent bank accounts and money market accounts which earn interest at the prevailing rate. There were no interest-bearing accounts in Haiti in 2018 and 2017.

Cash and cash equivalents in Gourdes and US Dollars are as follows:

| | 2018 | 2018 |
|---|--------------|--------------|
| In Haitian Gourdes (as converted to US Dollars) | \$ 29,779 | \$ 54,589 |
| In US Dollars | 1,037,745 | 957,069 |
| | \$ 1,067,524 | \$ 1,011,658 |

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NOTES TO FINANCIAL STATEMENTS

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HAS's United States bank account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended December 31, 2018 and 2017. At December 31, 2018 and 2017, HAS had bank balances of \$32,220 and \$46,285, respectively, in excess of FDIC insured limits.

4. Accounts and Contributions Receivable

As of December 31, accounts and contributions receivable are as follows:

| | 2018 | 2017 |
|--------------------------|-------------------|-------------------|
| Accounts receivable | \$ 34 | \$ 1,397 |
| Contributions receivable | 107,169 | 280,962 |
| Total | <u>\$ 107,203</u> | <u>\$ 282,359</u> |

All receivables are expected to be collected within one year.

5. Grants Receivable

As of December 31, 2018 and 2017, HAS had grants receivable of \$12,071 and \$0, respectively. Receivables are expected to be collected in one year.

6. Inventories

As of December 31, inventories are as follows:

| | 2018 | 2017 |
|-------------------------------------|---------------------|---------------------|
| Pharmaceutical and medical supplies | \$ 955,961 | \$ 1,026,474 |
| Parts, supplies, and materials | 246,369 | 229,282 |
| Goods in transit | 77,788 | 109,294 |
| Fuel, gas, and oil | 32,545 | 23,424 |
| | <u>\$ 1,312,663</u> | <u>\$ 1,388,474</u> |

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7. Investments

Investments consist of cash investments, money market funds, stocks, mutual funds, and other instruments. The fair value of the investments as of December 31, 2018 and 2017 is \$7,657,565 and \$11,831,796, respectively.

The total returns on investments and cash equivalents for the years ended December 31, 2018 and 2017 are summarized as follows:

| | 2018 | | |
|--|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Interest and dividends | \$ 124,554 | \$ 39,849 | \$ 164,403 |
| Investment advisor fees | (12,625) | (4,939) | (17,564) |
| Realized gain (loss) on sale of investments | 911,085 | 144,459 | 1,055,544 |
| Change in unrealized gain (loss) in fair value of investments | (1,185,835) | (690,853) | (1,876,688) |
| Total return on investments | <u>\$ (162,821)</u> | <u>\$ (511,484)</u> | <u>\$ (674,305)</u> |
| | 2017 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Interest and dividends | \$ 170,332 | \$ 28,034 | \$ 198,366 |
| Investment advisor fees | (16,324) | (4,956) | (21,280) |
| Realized gain (loss) on sale of investments | 491,952 | 4,482 | 496,434 |
| Change in unrealized gain (loss) in fair value of investments | 572,882 | 380,257 | 953,139 |
| Total return on investments | <u>\$ 1,218,842</u> | <u>\$ 407,817</u> | <u>\$ 1,626,659</u> |

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Fair values of assets measured on a recurring basis as of December 31, 2018 and 2017 are as follows:

| Description | 12/31/18 | Fair Value Measurements at Reporting Date Using | | |
|--|---------------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash investments: | | | | |
| Money market funds | \$ 1,952,797 | \$ 1,952,797 | \$ - | \$ - |
| Equities - domestic | 3,311,504 | 3,311,504 | - | - |
| Equities - international | 755,424 | 755,424 | - | - |
| Equities - emerging markets | 166,565 | 166,565 | - | - |
| Fixed income - bond funds | 928,437 | 928,437 | - | - |
| Fixed income - other | 281,735 | 281,735 | - | - |
| Alternative investments - Strategy Fund | 261,103 | - | 261,103 | - |
| Alternative investments - Private Equity | - | - | - | - |
| Totals | \$ 7,657,565 | \$ 7,396,462 | \$ 261,103 | \$ - |

| Description | 12/31/17 | Fair Value Measurements at Reporting Date Using | | |
|--|----------------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash investments: | | | | |
| Money market funds | \$ 649,039 | \$ 649,039 | \$ - | \$ - |
| Equities - domestic | 6,685,353 | 6,685,353 | - | - |
| Equities - international | 1,633,883 | 1,633,883 | - | - |
| Equities - emerging markets | 455,804 | 455,804 | - | - |
| Fixed income - bond funds | 1,514,618 | 1,514,618 | - | - |
| Fixed income - other | 539,800 | 539,800 | - | - |
| Alternative investments - Strategy Fund | 347,909 | - | 347,909 | - |
| Alternative investments - Private Equity | 5,390 | - | - | 5,390 |
| Totals | \$ 11,831,796 | \$ 11,478,497 | \$ 347,909 | \$ 5,390 |

Fair values for Level 1 financial instruments are determined by quoted prices in the active market for identical financial instruments. Fair values for Level 2 financial instruments are determined by other significant observable inputs (quoted prices for similar financial instruments, interest rates, prepayment speeds, credit risk, etc.). Fair values for Level 3 financial instruments are determined by significant unobservable inputs, including HAS's own assumptions in determining the fair value of financial instruments.

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Return Objectives and Risk Parameters

To satisfy its long-term rate-of-return objectives, HAS relies on returns in excess of the rate of inflation. HAS targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

8. Fixed Assets

Fixed assets at cost are stated as follows at December 31, 2018 and 2017:

| | Balance as of December 31, 2017 | Additions | Transfers | Disposals | Balance as of December 31, 2018 |
|-------------------------|------------------------------------|-------------------|-------------|-------------------|------------------------------------|
| Land | \$ 183,295 | \$ - | \$ - | \$ - | \$ 183,295 |
| Buildings | 7,717,896 | 23,622 | 306,002 | - | 8,047,520 |
| Vehicles | 898,594 | 1,516 | 133,483 | - | 1,033,593 |
| Equipment | 2,000,503 | 139,586 | 10,500 | - | 2,150,589 |
| Computer equipment | 388,016 | 13,206 | - | (2,024) | 399,198 |
| Generators | 330,472 | - | 75,508 | - | 405,980 |
| Investments in progress | 212,364 | 477,974 | (525,493) | - | 164,845 |
| Total fixed assets | <u>\$ 11,731,140</u> | <u>\$ 655,904</u> | <u>\$ -</u> | <u>\$ (2,024)</u> | <u>\$ 12,385,020</u> |

| | Balance as of December 31, 2016 | Additions | Transfers | Disposals | Balance as of December 31, 2017 |
|-------------------------|------------------------------------|-------------------|-------------|---------------------|------------------------------------|
| Land | \$ 183,295 | \$ - | \$ - | \$ - | \$ 183,295 |
| Buildings | 6,271,562 | 32,080 | 1,414,254 | - | 7,717,896 |
| Vehicles | 956,992 | 1,402 | - | (59,800) | 898,594 |
| Equipment | 1,996,815 | 64,261 | - | (60,573) | 2,000,503 |
| Computer equipment | 367,372 | 20,644 | - | - | 388,016 |
| Generators | 330,472 | - | - | - | 330,472 |
| Investments in progress | 993,335 | 633,283 | (1,414,254) | - | 212,364 |
| Total fixed assets | <u>\$ 11,099,843</u> | <u>\$ 751,670</u> | <u>\$ -</u> | <u>\$ (120,373)</u> | <u>\$ 11,731,140</u> |

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During 2018 and 2017, accumulated depreciation is as follows:

| <u>Accumulated Depreciation</u> | Balance as of December 31, 2017 | Additions | Disposals | Balance as of December 31, 2018 |
|---------------------------------|------------------------------------|-------------------|-----------------|------------------------------------|
| Buildings | \$ 5,012,270 | \$ 239,343 | \$ - | \$ 5,251,613 |
| Vehicles | 836,819 | 53,532 | - | 890,351 |
| Equipment | 1,706,676 | 128,143 | - | 1,834,819 |
| Computer equipment | 353,856 | 11,428 | (922) | 364,362 |
| Generators | 330,473 | - | - | 330,473 |
| Total accumulated depreciation | <u>\$ 8,240,094</u> | <u>\$ 432,446</u> | <u>\$ (922)</u> | <u>\$ 8,671,618</u> |

| <u>Accumulated Depreciation</u> | Balance as of December 31, 2016 | Additions | Disposals | Balance as of December 31, 2017 |
|---------------------------------|------------------------------------|-------------------|---------------------|------------------------------------|
| Buildings | \$ 4,815,054 | \$ 197,216 | \$ - | \$ 5,012,270 |
| Vehicles | 840,255 | 56,364 | (59,800) | 836,819 |
| Equipment | 1,656,095 | 111,009 | (60,428) | 1,706,676 |
| Computer equipment | 346,475 | 7,381 | - | 353,856 |
| Generators | 330,473 | - | - | 330,473 |
| Total accumulated depreciation | <u>\$ 7,988,352</u> | <u>\$ 371,970</u> | <u>\$ (120,228)</u> | <u>\$ 8,240,094</u> |

9. Accounts Payable and Accrued Expenses

| | <u>2018</u> | <u>2017</u> |
|----------------|-------------------|-------------------|
| HASUC (a) | \$ 113,220 | \$ 102,660 |
| Trade payables | 450,014 | 349,896 |
| | <u>\$ 563,234</u> | <u>\$ 452,556</u> |

(a) The Hôpital Albert Schweitzer Credit Union (HASUC) receives deposits from its members to whom it makes loans. The balance deposited with HAS represents the net outstanding deposits, including interest earned.

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10. Pension Plans

Defined Benefit Pension Plan

During 2018 and 2017, the change in the accrued pension liability was as follows:

| | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|
| Provision at the beginning of the year | \$ 67,681 | \$ 79,356 |
| Benefits paid from the plan | (12,262) | (14,730) |
| Net periodic benefit (gain) | <u>(1,377)</u> | <u>3,055</u> |
| Provision at the end of the year | <u>\$ 54,042</u> | <u>\$ 67,681</u> |
| Current portion | \$ 11,310 | \$ 12,483 |
| Non-current portion | <u>42,732</u> | <u>55,198</u> |
| | <u>\$ 54,042</u> | <u>\$ 67,681</u> |

Net periodic benefit (gain) cost includes:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------|-------------------|-----------------|
| Interest cost | \$ 2,188 | \$ 2,573 |
| Actuarial loss | (6,479) | 4,818 |
| Exchange rate changes | <u>2,914</u> | <u>(4,336)</u> |
| Net periodic benefit (gain) | <u>\$ (1,377)</u> | <u>\$ 3,055</u> |

As of December 31, 2018, the plan was subjected to an actuarial valuation. For the 2018 and 2017 projections, the following assumptions were used:

- Mortality tables: sex-distinct RP-2014 healthy annuitant mortality tables with generational projection using scale MP-2018 set forward 15 years with no collar adjustment
- Discount rate of 3.94% in 2018 and 3.65% in 2017
- Weighting for benefit payments of 13/24
- Average future life expectancy of 4.70 in 2018 and 5.30 in 2017
- Number of participants: 32 in 2018 and 33 in 2017
- Average age of 80.3 in 2018 and 79.2 in 2017

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Defined Contribution Plan

In 2000, HAS established a qualified contribution plan and a tax-deferred annuity plan covering its employees in the United States. Those plans are administered by Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA CREF) as a single plan. The plan qualifies under Code Section 403(b) of the Internal Revenue Code. Under this plan, HAS contributes 4% of a full-time employee’s compensation to a trust and, in addition, will match an employee’s contribution to the plan up to an additional 4% of compensation. Total employer contributions under the plan were \$40,946 and \$39,968 in 2018 and 2017, respectively.

11. Net Assets With Donor Restrictions – Purpose Restrictions

Net assets with donor restrictions were restricted with the following purposes as of December 31:

| | <u>2018</u> | <u>2017</u> |
|---------------------------|---------------------|---------------------|
| Agricultural Services | \$ 37,993 | \$ 21,979 |
| Hospital Services | 493,620 | 623,380 |
| Infrastructure | 274,307 | 237,150 |
| Other | 20,500 | 28,000 |
| Primary Health Services | 220,000 | 614,284 |
| Endowment earnings | 173,630 | 149,821 |
| Water/Sanitation Services | 126,852 | 222,551 |
| | <u>\$ 1,346,902</u> | <u>\$ 1,897,165</u> |

For the year ended December 31, 2018, net assets of \$2,608,290 were released from donor restrictions by incurring expenses satisfying the restricted purpose. For the year ended December 31, 2017, net assets of \$2,728,651 were released from donor restrictions by incurring expenses satisfying the restricted purpose.

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12. Endowment Net Assets

Unless otherwise set forth by the donor, the investment return earned on endowment net assets is purpose-restricted until released to net assets without donor restrictions by a decision of the Board of Directors.

In 2015, the Board of Directors designated, \$2,000,000 of net assets without donor restrictions as a Board-designated endowment fund.

In 2015, under the terms of a number of endowment gift agreements (Agreements), HAS received endowment contributions of stock shares valued at \$814,680. HAS received additional stock contributions to the endowment valued at \$1,001,219 during 2016. According to the Agreements, the donated shares must be held for periods of five years in a custody-only account, beginning as of the dates of the respective Agreements. During the five-year periods, regular or special dividends generated from the donation in the form of cash, may be distributed annually at the discretion of the Board of Directors of HAS for the purpose of providing ongoing support to the mission of HAS. Any special dividends or other distributions generated from the donation during this time period that are paid in the form of stock shares or equity instruments other than cash, will remain in the custody-only account. Following the five-year periods, which expire in 2020 and 2021, the donated shares will be invested in accordance with the investment policies and procedures as described in Note 7. In 2018 and 2017, endowment net assets held in perpetuity also include \$26,100 and \$0 in cash contributions.

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The composition of and changes in endowment net assets for the year ended December 31, 2018 are as follows:

| | Board- Designated | With Donor Restrictions | Total |
|-------------------------------------|----------------------|----------------------------|---------------------|
| Balance at December 31, 2017 | \$ 2,000,000 | \$ 3,048,323 | \$ 5,048,323 |
| Contributions received | - | 26,100 | 26,100 |
| Return on investments | - | (514,748) | (514,748) |
| Appropriation of endowment funds | - | - | - |
| Balance at December 31, 2018 | <u>\$ 2,000,000</u> | <u>\$ 2,559,675</u> | <u>\$ 4,559,675</u> |

During 2018, \$23,809 in realized investment income on endowment assets was eligible for future use at the discretion of the Board of Directors. Endowment funds are included in the investments described in Note 7. At December 31, 2018 and 2017, the donor restricted balances above include investment income eligible for future use at the discretion of the Board of Directors of \$173,630 and \$149,821, respectively.

13. Lease

HAS leases its office space in the United States. The expenses relating to this lease for the years ended December 31, 2018 and 2017 were \$33,757 and \$34,146, respectively. Future minimum non-cancelable lease payment includes \$31,800 for 2019.

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14. Expenses

For 2018 and 2017, expenses by nature are as follows:

| | 2018 | | | | | Total |
|--|-------------------------------|---------------------|--------------------------|------------------------------|-------------------|---------------------|
| | Haiti Program Services | | | Institutional Support | | |
| | Hospital | Community Health | Community Development | Administration | Fundraising | |
| Salaries, benefits, and taxes | \$ 3,033,347 | \$ 582,595 | \$ 89,165 | \$ 112,183 | \$ 434,704 | \$ 4,251,994 |
| Supplies and pharmaceuticals | 1,826,311 | 311,465 | 57,248 | 196 | 22,827 | 2,218,047 |
| Professional services | 176,801 | 1,500 | - | 28,516 | 127,378 | 334,195 |
| Depreciation | 430,510 | - | - | 1,936 | - | 432,446 |
| Training and education | 16,951 | 36,748 | 2,593 | - | 6,965 | 63,257 |
| Transportation and travel | 131,389 | 39,665 | 29,397 | 37,287 | 49,824 | 287,562 |
| Plant maintenance and electrical power generation | 363,462 | - | - | - | - | 363,462 |
| Others | 16,833 | - | - | 86,063 | 193,822 | 296,718 |
| | <u>\$ 5,995,604</u> | <u>\$ 971,973</u> | <u>\$ 178,403</u> | <u>\$ 266,181</u> | <u>\$ 835,520</u> | <u>\$ 8,247,681</u> |

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| | 2017 | | | | | |
|---|-------------------------------|-------------------------|------------------------------|------------------------------|--------------------|---------------------|
| | Haiti Program Services | | | Institutional Support | | Total |
| | Hospital | Community Health | Community Development | Administration | Fundraising | |
| Salaries, benefits, and taxes | \$ 2,692,442 | \$ 539,790 | \$ 90,390 | \$ 109,688 | \$ 449,762 | \$ 3,882,072 |
| Supplies and pharmaceuticals | 1,482,460 | 456,478 | 50,608 | 5,132 | 29,838 | 2,024,516 |
| Professional services | 251,576 | 7,500 | 900 | 22,075 | 72,663 | 354,714 |
| Depreciation | 369,741 | - | - | 2,229 | - | 371,970 |
| Training and education | 19,870 | 74,121 | 3,133 | 198 | 3,425 | 100,747 |
| Transportation and travel | 117,030 | 68,460 | 38,569 | 57,290 | 71,890 | 353,239 |
| Plant maintenance and electrical power generation | 312,978 | - | - | - | - | 312,978 |
| Others | 98,054 | 11,102 | 8,250 | 83,429 | 184,074 | 384,909 |
| | <u>\$ 5,344,151</u> | <u>\$ 1,157,451</u> | <u>\$ 191,850</u> | <u>\$ 280,041</u> | <u>\$ 811,652</u> | <u>\$ 7,785,145</u> |

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Hospital operations of \$5,995,604 and \$5,344,151 for 2018 and 2017, respectively, represent the major component of total expenses. They consist of salaries of physicians, nurses, nurses' aides, nurse assistants, clinical technicians in pharmacy, laboratory, radiology, finance, front desk, clerical, housekeeping, and other general support personnel; in addition, they also include all medical costs such as pharmaceuticals, medical supplies and equipment, information technology and communications expenses, and other related expenses used to provide services.

HAS delivers its community health and community development services in an integrated manner and the operations in each of these areas combine to form one set of integrated community services.

Community Health operations of \$971,973 and \$1,157,451 for 2018 and 2017, respectively, include activities at four community health centers, mobile clinics, community health posts, and public health programs, which operate in the surrounding rural and mountain communities in central Haiti. Expenses consist of salaries of nurses, nurse assistants, supporting personnel, a vast network of community health workers, and include medical supplies and training activities.

Community Development operations of \$178,403 and \$191,850 for 2018 and 2017, respectively, support the reforestation program and water and sanitation activities throughout the communities HAS serves. Expenses consist of salaries of skilled technicians, technical support, materials and equipment, as well as community training.

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15. Segment Reporting

As of December 31, assets are distributed as follows:

| | United States | | Haiti | | Total | |
|---------------------------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| ASSETS: | | | | | | |
| Cash and banks | \$ 569,022 | \$ 641,808 | \$ 498,502 | \$ 369,850 | \$ 1,067,524 | \$ 1,011,658 |
| Accounts and contributions receivable | 105,608 | 280,914 | 1,595 | 1,445 | 107,203 | 282,359 |
| Grants receivable | 12,071 | - | - | - | 12,071 | - |
| Inventories | - | - | 1,312,663 | 1,388,474 | 1,312,663 | 1,388,474 |
| Security deposits | 3,845 | 3,845 | 4,266 | 2,850 | 8,111 | 6,695 |
| Advances and prepaids | 8,917 | 18,894 | - | - | 8,917 | 18,894 |
| Investments | 7,657,565 | 11,831,796 | - | - | 7,657,565 | 11,831,796 |
| Land, buildings, and equipment, net | 8,956 | 6,461 | 3,704,446 | 3,484,585 | 3,713,402 | 3,491,046 |
| Total | \$ 8,365,984 | \$ 12,783,718 | \$ 5,521,472 | \$ 5,247,204 | \$ 13,887,456 | \$ 18,030,922 |
| | 60% | 72% | 40% | 28% | 100% | 100% |

| | United States | | Haiti | | Total | |
|--|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| REVENUES WITHOUT DONOR RESTRICTIONS: | | | | | | |
| Contributions and fundraising | \$ 1,882,351 | \$ 2,670,898 | \$ 118,587 | \$ 166,439 | \$ 2,000,938 | \$ 2,837,337 |
| Sundry income and sales | 19,042 | 37,453 | 54,833 | 148,313 | 73,875 | 185,766 |
| Investment income | 1,023,014 | 645,960 | - | - | 1,023,014 | 645,960 |
| Net unrealized (decline) increase in fair value of investments | (1,185,835) | 572,882 | - | - | (1,185,835) | 572,882 |
| Net assets released from restrictions | 2,592,323 | 2,709,817 | 15,967 | 18,834 | 2,608,290 | 2,728,651 |
| Other | - | - | 542,674 | 491,599 | 542,674 | 491,599 |
| Total | \$ 4,330,895 | \$ 6,637,010 | \$ 732,061 | \$ 825,185 | \$ 5,062,956 | \$ 7,462,195 |
| | 86% | 89% | 14% | 11% | 100% | 100% |

The revenue percentages above do not include the change in the fair value of investments.

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16. Sundry Gain

For 2018 and 2017, sundry gain is as follows:

| | <u>2018</u> | <u>2017</u> |
|---------------------------|------------------|-------------------|
| Revenues collected (a) | \$ - | \$ 90,627 |
| Housing income (b) | 64,005 | 88,330 |
| Gain on sale of equipment | (550) | - |
| Others | <u>10,420</u> | <u>6,809</u> |
| | <u>\$ 73,875</u> | <u>\$ 185,766</u> |

(a) Revenues collected represent management fees paid by donors related to projects managed by HAS. The related expenses are recorded in operational expenses.

(b) Housing income represents room and board paid by visitors and housing rental revenue.

17. Contingent Liabilities

As of December 31, 2018, HAS was not party to litigation. According to HAS legal counsels, HAS does not anticipate any litigations that could materially affect its financial situation or the results of its operations.

18. Liquidity and Availability

HAS manages its liquidity by focusing on fundraising efforts and by drawing on available financial assets to ensure the entity has adequate contributions and grants to cover the programs that are being conducted. HAS prepares very detailed budgets and has been very active in cutting costs to ensure the entity remains liquid.

The following reflects HAS's financial assets (cash and cash equivalents, pledges receivable, investments, and other assets) as of December 31, 2018 and 2017 available within one year to meet the cash needs for general expenses.

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| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Financial assets at year-end: | \$ 8,844,363 | \$ 13,125,813 |
| Less amounts not available to be used within one year: | | |
| Restricted by donor with time or purpose restriction | (1,346,902) | (1,897,165) |
| Board-designated endowment investments | (2,000,000) | (2,000,000) |
| Investments held in perpetuity | <u>(2,386,045)</u> | <u>(2,898,502)</u> |
| Total amounts not available to be used in one year | <u>(5,732,947)</u> | <u>(6,795,667)</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 3,111,416</u> | <u>\$ 6,330,146</u> |

19. Related Party Transactions

The wife of a member of the Board of Directors (Board) of HAS is on the Board of Swiss Partnerschaft Hôpital Albert Schweitzer Haiti (SPHASH). SPHASH, a non-profit organization, located in Switzerland, contributed a total of \$922,845 and \$1,056,662 in 2018 and 2017, respectively, for the support of HAS. These amounts include both cash and donated goods and services. This non-profit expands awareness of the need for health services in Haiti.

A Board member of HAS also serves on the Board of the Canadian Friends of Hôpital Albert Schweitzer Haiti. Canadian Friends of Hôpital Albert Schweitzer Haiti, a non-profit organization, contributed \$65,000 and \$80,000 in 2018 and 2017, respectively, to HAS. This non-profit supports maternal and child health services at HAS and expands awareness in Canada of the need for health services in Haiti.

Significant donations are made to HAS by its Board members.