

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

Financial Statements

**Years Ended December 31, 2019 and 2018
with Independent Auditor's Report**

MaherDuessel

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

YEARS ENDED DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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-four percent in 2019 and forty percent in 2018 of HAS as a whole, and whose total unrestricted support and revenues constitute fourteen percent in 2019 and 2018, 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 2019 and 2018, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of HAS as of December 31, 2019 and 2018, 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.

Maher Duessel

Pittsburgh, Pennsylvania
May 11, 2020

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

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
<hr/>		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 1,014,686	\$ 1,067,524
Accounts and contributions receivable (Note 4)	86,755	107,203
Grants receivable (Note 5)	-	12,071
Inventories (Note 6)	1,146,101	1,312,663
Security deposit	8,565	8,111
Advances to suppliers and prepaid expenses	12,410	8,917
Total current assets	2,268,517	2,516,489
Non-current assets:		
Investments (Note 7)	6,115,919	7,657,565
Fixed assets (Note 8)	3,749,435	3,713,402
Total non-current assets	9,865,354	11,370,967
Total Assets	\$ 12,133,871	\$ 13,887,456
Liabilities and Net Assets		
<hr/>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses (Note 9)	\$ 597,352	\$ 563,234
Deferred revenue	53,060	19,060
Accrued pension liability - current	9,531	11,310
Total current liabilities	659,943	593,604
Non-current liabilities:		
Deferred revenue	-	6,060
Accrued pension liability (Note 10)	35,089	42,732
Total non-current liabilities	35,089	48,792
Total Liabilities	695,032	642,396
Net Assets:		
<hr/>		
Without donor restrictions:		
Undesignated	5,740,243	7,512,113
Board-designated for endowment (Note 12)	2,000,000	2,000,000
Total without donor restrictions	7,740,243	9,512,113
With donor restrictions:		
Time and purpose restrictions (Note 11)	1,138,278	1,346,902
Perpetual in nature (Note 12)	2,560,318	2,386,045
Total with donor restrictions	3,698,596	3,732,947
Total Net Assets	11,438,839	13,245,060
Total Liabilities and Net Assets	\$ 12,133,871	\$ 13,887,456

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Public Support:			
Contributions	\$ 1,382,730	\$ 1,762,403	\$ 3,145,133
Fundraising revenue	528,980	-	528,980
Hospital and community services fees	457,243	-	457,243
Contributed drugs, supplies, and services	136,702	-	136,702
Sundry (loss) income (Note 16)	98,195	-	98,195
Foreign exchange (loss) gain, net	32,742	-	32,742
Return on Investments, net (Note 7)	576,169	221,227	797,396
	3,212,761	1,983,630	5,196,391
Subtotal revenues and support			
Net assets released from restrictions (Note 11)	2,017,981	(2,017,981)	-
Total revenues and public support	5,230,742	(34,351)	5,196,391
Expenses:			
Program expenses:			
Hospital Operations (Note 14)	4,821,973	-	4,821,973
Community Health (Note 14)	635,703	-	635,703
Community Development (Note 14)	128,632	-	128,632
Depreciation (Note 8 and 14)	364,027	-	364,027
Total program expenses	5,950,335	-	5,950,335
Administrative and support expenses:			
General and Administrative (Note 14)	254,551	-	254,551
Fundraising (Note 14)	795,384	-	795,384
Depreciation (Note 8 and 14)	2,342	-	2,342
Total administrative and support expenses	1,052,277	-	1,052,277
Total expenses (Note 14)	7,002,612	-	7,002,612
Change in Net Assets	(1,771,870)	(34,351)	(1,806,221)
Net Assets:			
Beginning of year	9,512,113	3,732,947	13,245,060
End of year	\$ 7,740,243	\$ 3,698,596	\$ 11,438,839

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 and 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 and 14)	1,936	-	1,936
Total administrative and support 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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Change in net assets	\$ (1,806,221)	\$ (4,247,445)
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	(446,463)	1,876,688
Net realized (gain) loss on sale of investments	(214,109)	(1,055,544)
Loss on sale of fixed assets	29,450	552
Contributions restricted for long-lived assets	(220,505)	(430,000)
Depreciation (Note 8 and 14)	366,369	432,446
Change in:		
Accounts and contributions receivable	20,448	175,156
Grants receivable	12,071	(12,071)
Inventories	166,562	75,811
Security deposit	(454)	(1,416)
Advances to suppliers and prepaid expenses	(3,493)	9,977
Accounts payable and accrued expenses	34,118	110,678
Deferred revenue	27,940	6,940
Accrued pension liability	(9,422)	(13,639)
	(2,043,709)	(3,071,867)
Cash Flows From Investing Activities:		
Additions to land, buildings, construction in progress, and equipment (Note 8)	(432,652)	(655,904)
Proceeds from sale of fixed assets	800	550
(Purchase) sales of investments, net	2,202,218	3,353,087
	1,770,366	2,697,733
Cash Flows From Financing Activities:		
Contributions for long-lived assets	220,505	430,000
	(52,838)	55,866
Cash and Cash Equivalents:		
Beginning of year	1,067,524	1,011,658
End of year (Note 3)	\$ 1,014,686	\$ 1,067,524

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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 be 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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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 and consist primarily of contributions receivable from donors. Accounts receivable are written off to expenses using the direct write-off method if and when they are determined to be uncollectable. Such receivables have been considered fully collectible by management; accordingly, no allowance for doubtful accounts has been provided.

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(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.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have

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NOTES TO FINANCIAL STATEMENTS

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been substantially met. Consequently, at December 31, 2019, there were no conditional contributions to be recognized in the accompanying statement of activities.

(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:

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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

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 fee to all clinic patients and in-patients for treatment, if they are able to pay. Only amounts collected are reflected in the financial statements, as they are the only revenue realized. A moderate fee is charged for any elective surgery which may be performed for a patient, and for several other services performed for out-district patients. Generally, HAS bills patients subsequent to the performance of services, as performance obligations are satisfied when services are provided to the clients. There are no medical insurance or contractual allowance involved as all patients are self-pay as can pay. There were no revenue processes not completed at the date of the initial application of *ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)."* There have been no changes in the significant judgments related to the amount and timing of revenue from these transactions and there are no impairment losses to recognize.

(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 2019, projections were made by the actuaries based upon the 2018 report.

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The initial net transition obligation has been amortized over the expected future lifetime of the plan participants at the date established using 4.50 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 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, 2019 and 2018:

	2019	2018
Cash and cash equivalents	\$ 121,593	\$ 29,779
Accounts and grants receivable	4,397	1,595
Total assets	125,990	31,374
Accounts payable and accrued liabilities	390,206	408,084
Net	<u>\$ (264,216)</u>	<u>\$ (376,710)</u>

The rates of exchange published by the Central Bank of Haiti as of December 31, 2019 and 2018, respectively, were G 92.0 and G 77.2 for one US Dollar.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(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.

(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

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NOTES TO FINANCIAL STATEMENTS

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(q) Adopted Accounting Standards

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

ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash.*" The amendments require that the statement of cash flows explain the change during the period in the total cash and cash equivalents including the changes of those 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).*" The amendments provide guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606).*" The amendments provide guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures.

(r) Pending Accounting Standards Updates

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

ASU 2016-02, "*Leases (Topic 842),*" is effective, as delayed, for the financial statements for the year beginning after December 15, 2020. These amendments and related amendments 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 2018-14, "*Compensation – Retirement Benefits-Defined Benefit Plans (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans,*" is effective for reporting periods beginning after December 15, 2021. The

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NOTES TO FINANCIAL STATEMENTS

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amendments modify disclosure requirements from Subtopic 715-20 and clarify the disclosure requirements in paragraph 715-20-50-3.

(s) 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:

	2019	2018
Cash on hand	\$ 7,924	\$ 12,107
Non-interest bearing accounts	621,306	764,472
Interest bearing accounts	385,456	290,945
	<u>\$ 1,014,686</u>	<u>\$ 1,067,524</u>

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 2019 and 2018.

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

	2019	2018
In Haitian Gourdes (as converted to US Dollars)	\$ 121,593	\$ 29,779
In US Dollars	893,093	1,037,745
	<u>\$ 1,014,686</u>	<u>\$ 1,067,524</u>

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, 2019 and 2018. At December 31, 2019 and 2018, HAS had bank balances of \$0 and \$32,220, respectively, in excess of FDIC insured limits.

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4. Accounts and Contributions Receivable

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

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 27,065	\$ 34
Contributions receivable	<u>59,690</u>	<u>107,169</u>
Total	<u>\$ 86,755</u>	<u>\$ 107,203</u>

All receivables are expected to be collected within one year.

5. Grants Receivable

As of December 31, 2019 and 2018, HAS had grants receivable of \$0 and \$12,071, respectively. Receivables are expected to be collected in one year.

6. Inventories

As of December 31, inventories are as follows:

	<u>2019</u>	<u>2018</u>
Pharmaceutical and medical supplies	\$ 803,529	\$ 955,961
Parts, supplies, and materials	229,321	246,369
Goods in transit	87,596	77,788
Fuel, gas, and oil	<u>25,655</u>	<u>32,545</u>
	<u>\$ 1,146,101</u>	<u>\$ 1,312,663</u>

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, 2019 and 2018 is \$6,115,919 and \$7,657,565, respectively.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

The total returns on investments and cash equivalents for the years ended December 31, 2019 and 2018 are summarized as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 99,320	\$ 51,042	\$ 150,362
Investment advisor fees	(9,017)	(4,521)	(13,538)
Realized gain (loss) on sale of investments	210,430	3,679	214,109
Change in unrealized gain (loss) in fair value of investments	275,436	171,027	446,463
Total return on investments	\$ 576,169	\$ 221,227	\$ 797,396

	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	\$ (162,821)	\$ (511,484)	\$ (674,305)

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Fair values of assets measured on a recurring basis as of December 31, 2019 and 2018 are as follows:

Description	12/31/19	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	\$ 947,389	\$ 947,389	\$ -	\$ -
Equities - domestic	3,981,127	3,981,127	-	-
Equities - international	131,997	131,997	-	-
Equities - emerging markets	11,715	11,715	-	-
Fixed income - bond funds	692,749	692,749	-	-
Fixed income - other	246,615	246,615	-	-
Alternative investments - Strategy Fund	104,327	-	104,327	-
Totals	<u>\$ 6,115,919</u>	<u>\$ 6,011,592</u>	<u>\$ 104,327</u>	<u>\$ -</u>

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	-
Totals	<u>\$ 7,657,565</u>	<u>\$ 7,396,462</u>	<u>\$ 261,103</u>	<u>\$ -</u>

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, 2019 and 2018:

	Balance as of December 31, 2018	Additions	Transfers	Disposals	Balance as of December 31, 2019
Land	\$ 183,295	\$ -	\$ -	\$ -	\$ 183,295
Buildings	8,047,520	73,640	289,218	-	8,410,378
Vehicles	1,033,593	-	-	(42,568)	991,025
Equipment	2,150,589	59,154	1,796	-	2,211,539
Computer equipment	399,198	22,768	-	(5,830)	416,136
Generators	405,980	-	-	-	405,980
Investments in progress	164,845	277,090	(291,014)	-	150,921
Total fixed assets	\$ 12,385,020	\$ 432,652	\$ -	\$ (48,398)	\$ 12,769,274

	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	\$ 11,731,140	\$ 655,904	\$ -	\$ (2,024)	\$ 12,385,020

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During 2019 and 2018, accumulated depreciation is as follows:

Accumulated Depreciation	Balance as of December 31, 2018	Additions	Disposals	Balance as of December 31, 2019
Buildings	\$ 5,251,613	\$ 165,875	\$ -	\$ 5,417,488
Vehicles	890,351	54,456	(13,303)	931,504
Equipment	1,834,819	117,246	-	1,952,065
Computer equipment	364,362	13,690	(4,845)	373,207
Generators	330,473	15,102	-	345,575
Total accumulated depreciation	<u>\$ 8,671,618</u>	<u>\$ 366,369</u>	<u>\$ (18,148)</u>	<u>\$ 9,019,839</u>

Accumulated Depreciation	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>

9. Accounts Payable and Accrued Expenses

	2019	2018
HASUC (a)	\$ 116,663	\$ 113,220
Accrued salaries	125,000	-
Trade payables	355,689	450,014
	<u>\$ 597,352</u>	<u>\$ 563,234</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 2019 and 2018, the change in the accrued pension liability was as follows:

	2019	2018
Provision at the beginning of the year	\$ 54,042	\$ 67,681
Benefits paid from the plan	(10,629)	(12,262)
Net periodic benefit (gain)	1,207	(1,377)
Provision at the end of the year	\$ 44,620	\$ 54,042
Current portion	\$ 9,531	\$ 11,310
Non-current portion	35,089	42,732
	\$ 44,620	\$ 54,042

Net periodic benefit (gain) cost includes:

	2019	2018
Interest cost	\$ 1,888	\$ 2,188
Actuarial loss	(7,375)	(6,479)
Exchange rate changes	6,694	2,914
Net periodic benefit (gain)	\$ 1,207	\$ (1,377)

As of December 31, 2019, the plan was subjected to an actuarial valuation. For the 2019 and 2018 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%
- Weighting for benefit payments of 13/24
- Average future life expectancy of 4.50 in 2019 and 4.70 in 2018
- Number of participants: 32
- Average age of 80.3

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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 \$45,902 and \$40,946 in 2019 and 2018, 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>2019</u>	<u>2018</u>
Agricultural Services	\$ 53,582	\$ 37,993
Hospital Services	423,480	493,620
Infrastructure	211,865	274,307
Other	20,500	20,500
Primary Health Services	111,525	220,000
Endowment earnings	247,325	173,630
Water/Sanitation Services	70,001	126,852
	<u>\$ 1,138,278</u>	<u>\$ 1,346,902</u>

For the year ended December 31, 2019, net assets of \$2,017,981 were released from donor restrictions by incurring expenses satisfying the restricted purpose. 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.

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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.

In 2015, the Board 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 2019 and 2018, endowment net assets held in perpetuity also include \$31,829 and \$26,100 in cash contributions.

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The composition of and changes in endowment net assets for the year ended December 31, 2019 are as follows:

	Board- Designated	With Donor Restrictions	Total
Balance at December 31, 2018	\$ 2,000,000	\$ 2,559,675	\$ 4,559,675
Contributions received	-	31,829	31,829
Return on investments	-	216,139	216,139
Appropriation of endowment funds	-	-	-
Balance at December 31, 2019	<u>\$ 2,000,000</u>	<u>\$ 2,807,643</u>	<u>\$ 4,807,643</u>

During 2019, \$73,694 in realized investment income on endowment assets was eligible for future use at the discretion of the Board. Endowment funds are included in the investments described in Note 7. At December 31, 2019 and 2018, the donor restricted balances above include investment income eligible for future use at the discretion of the Board of \$247,325 and \$173,630, respectively.

13. Lease

HAS leases its office space in the United States. The expenses relating to this lease for the years ended December 31, 2019 and 2018 were \$33,775 and \$33,757, respectively. Future minimum non-cancelable lease payment includes \$21,872 for 2019 and \$1,988 for 2020.

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14. Expenses

For 2019 and 2018, expenses by nature are as follows:

	2019					Total
	Haiti Program Services			Institutional Support		
	Hospital Operations	Community Health	Community Development	General and Administrative	Fundraising	
Salaries, benefits, and taxes	\$ 2,990,982	\$ 419,196	\$ 59,033	\$ 116,359	\$ 502,471	\$ 4,088,041
Supplies and pharmaceuticals	1,298,593	173,418	42,835	282	30,963	1,546,091
Professional services	157,156	-	-	26,938	73,163	257,257
Depreciation	364,027	-	-	2,342	-	366,369
Training and education	8,868	13,376	2,340	-	3,473	28,057
Transportation and travel	86,481	29,713	24,424	23,897	57,115	221,630
Plant maintenance and electrical power generation	254,178	-	-	-	-	254,178
Others	25,715	-	-	87,075	128,199	240,989
	<u>\$ 5,186,000</u>	<u>\$ 635,703</u>	<u>\$ 128,632</u>	<u>\$ 256,893</u>	<u>\$ 795,384</u>	<u>\$ 7,002,612</u>

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	2018					Total
	Haiti Program Services			Institutional Support		
	Hospital Operations	Community Health	Community Development	General and Administrative	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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Hospital Operations of \$5,186,000 and \$5,995,604 for 2019 and 2018, respectively, represent the major component of total expenses. They consist primarily 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 \$635,703 and \$971,973 for 2019 and 2018, 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 \$128,632 and \$178,403 for 2019 and 2018, 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	
	2019	2018	2019	2018	2019	2018
ASSETS:						
Cash and banks	\$ 550,208	\$ 569,022	\$ 464,478	\$ 498,502	\$ 1,014,686	\$ 1,067,524
Accounts and contributions receivable	59,983	105,608	26,772	1,595	86,755	107,203
Grants receivable	-	12,071	-	-	-	12,071
Inventories	-	-	1,146,101	1,312,663	1,146,101	1,312,663
Security deposits	5,833	3,845	2,732	4,266	8,565	8,111
Advances and prepaids	9,031	8,917	3,379	-	12,410	8,917
Investments	6,115,919	7,657,565	-	-	6,115,919	7,657,565
Land, buildings, and equipment, net	6,614	8,956	3,742,821	3,704,446	3,749,435	3,713,402
Total	\$ 6,747,588	\$ 8,365,984	\$ 5,386,283	\$ 5,521,472	\$ 12,133,871	\$ 13,887,456
	56%	60%	44%	40%	100%	100%

	United States		Haiti		Total	
	2019	2018	2019	2018	2019	2018
REVENUES WITHOUT DONOR RESTRICTIONS:						
Contributions and fundraising	\$ 1,911,710	\$ 1,882,351	\$ 136,702	\$ 118,587	\$ 2,048,412	\$ 2,000,938
Sundry income and sales	25,173	19,042	73,022	54,833	98,195	73,875
Investment income	300,733	1,023,014	-	-	300,733	1,023,014
Net unrealized (decline) increase in fair value of investments	275,436	(1,185,835)	-	-	275,436	(1,185,835)
Net assets released from restrictions	2,005,720	2,592,323	12,261	15,967	2,017,981	2,608,290
Other	-	-	489,985	542,674	489,985	542,674
Total	\$ 4,518,772	\$ 4,330,895	\$ 711,970	\$ 732,061	\$ 5,230,742	\$ 5,062,956
	86%	86%	14%	14%	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 2019 and 2018, sundry gain is as follows:

	<u>2019</u>	<u>2018</u>
Housing income (a)	\$ 120,580	\$ 64,005
(Loss) on sale of equipment	(29,450)	(550)
Others	7,065	10,420
	<u>\$ 98,195</u>	<u>\$ 73,875</u>

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

17. Contingent Liabilities

As of December 31, 2019, 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.

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The following reflects HAS's financial assets (cash and cash equivalents, accounts and contributions receivable, grants receivable, and investments) as of December 31, 2019 and 2018 available within one year to meet the cash needs for general expenses:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:	\$ 7,217,360	\$ 8,844,363
Less: amounts not available to be used within one year:		
Restricted by donor with time or purpose restriction	(1,138,278)	(1,346,902)
Board-designated endowment investments	(2,000,000)	(2,000,000)
Investments held in perpetuity	<u>(2,560,318)</u>	<u>(2,386,045)</u>
Total amounts not available to be used in one year	<u>(5,698,596)</u>	<u>(5,732,947)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,518,764</u>	<u>\$ 3,111,416</u>

19. Related Party Transactions

The wife of a member of the 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 \$873,090 and \$922,845 in 2019 and 2018, 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 \$65,000 in 2019 and 2018, 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.

The spouse of a Board member was hired as the new Chief Executive Officer on June 1, 2019, at which point the Board member commenced a leave of absence from the Board.

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20. Subsequent Event

In March of 2020, the World Health Organization declared the coronavirus named COVID-19 to be a global pandemic. This pandemic has caused significant business disruption around the world through a variety of mandated and voluntary business closings and other measures aimed at slowing the spread of the virus. There is considerable uncertainty around the duration of the closings and around the longer-term impact of the pandemic on the economy. HAS expects this matter to negatively impact its operations in both the USA and Haiti and its ability to raise contributions throughout 2020. However, the related financial impact and duration cannot be reasonably estimated at this time.