

**AYITI DEMEN**  
***FINANCIAL STATEMENTS***  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of Ayiti Demen

### **Opinion**

We have audited the accompanying financial statements of the Ayiti Demen (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flow for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ayiti Demen as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ayiti Demen and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ayiti Demen's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ayiti Demen's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ayiti Demen's ability to continue as a going concern for a reasonable period of time.

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

Post & Company, CPAS, P.C.

Ronkonkoma, New York

October 20, 2023

AYITI DEMEN  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS:

Cash, cash equivalents and restricted cash	\$ 576,834
Grants receivable	270,000
Total Current Assets	<u>846,834</u>
Total Assets	<u><u>\$ 846,834</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Awards payable	\$ 256,500
Accounts payable and accrued expenses	14,950
Total Current Liabilities	<u>271,450</u>
Total Liabilities	<u>271,450</u>

NET ASSETS:

Net assets with donor restrictions	<u>575,384</u>
Total Net Assets	<u>575,384</u>
Total Liabilities and Net Assets	<u><u>\$ 846,834</u></u>

The accompanying notes are an integral part of these financial statements.

AYITI DEMEN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

NET ASSETS WITH DONOR RESTRICTIONS

PUBLIC SUPPORT AND OTHER INCOME:

Public Support

Non profit contributions	\$ 535,827
Foundation grant	202,357
Individual donations	40,052
Corporate contributions	9,286
Total Public Support	787,522

Other Revenue

Program activities	6,772
Total Other Income	6,772

Total Public Support and Other Income	794,294
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EXPENSES:

Program Services

Human and economic development in Haiti	380,448
Total Program Services	380,448

Supporting Services

Fundraising expenses	1,261
Management & general	59,510
Total Supporting Services	60,771

Total Expenses	441,219
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CHANGE IN NET ASSETS	353,075
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NET ASSETS WITH DONOR RESTRICTIONS - BEGINNING OF YEAR	22,309
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PRIOR PERIOD ADJUSTMENT	200,000
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NET ASSETS WITH DONOR RESTRICTIONS - BEGINNING OF YEAR, RESTATED	222,309
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NET ASSETS WITH DONOR RESTRICTIONS - END OF YEAR	\$ 575,384
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The accompanying notes are an integral part of these financial statements.

AYITI DEMEN  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Services	Supporting Services	
	Total	Human and Economic Development in Haiti	Fundraising	Management & General
EXPENSES:				
Awards and grants	\$ 380,448	\$ 380,448	\$ -	\$ -
Professional services	35,881	-	-	35,881
General and administrative expenses	11,461	-	-	11,461
Advertising and marketing	7,642	-	-	7,642
Travel and meetings	3,626	-	-	3,626
Fundraising	1,261	-	1,261	-
Banking fees	900	-	-	900
	<u>\$ 441,219</u>	<u>\$ 380,448</u>	<u>\$ 1,261</u>	<u>\$ 59,510</u>

The accompanying notes are an integral part of these financial statements.

AYITI DEMEN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 353,075
ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
CHANGE IN ASSETS AND LIABILITIES:	
INCREASE IN:	
Grants receivable	(70,000)
INCREASE IN:	
Awards payable	208,164
Accounts payable and accrued expenses	14,950
Total Adjustments	<u>153,114</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>506,189</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	506,189
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF THE YEAR	<u>57,820</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 564,009</u></u>

The accompanying notes are an integral part of these financial statements.



AYITI DEMEN  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Ayiti Demen (the “Organization”) is a not-for-profit organization established in 2007 under the name Friends of FOKAL. This name was later changed to Ayiti Demen in 2019. The Entity has received non-for-profit status under the laws of the State of New York and aims to send support to organization, projects, and initiatives providing human and economic development in the local communities and civil society in the country of Haiti. The Organization supports these activities by raising funds, facilitating access to financial resources and by promoting awareness of the nature and extent of the problems of the underprivileged in Haiti. The Organization is located in New York, New York.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Presentation and Description of Net Assets - The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenditures are recognized when incurred. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

- B. Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization minimizes its credit risk associated with cash and cash equivalents by investing in high quality instruments and by periodically evaluating the credit quality of the primary financial institution issuers of such instruments. The Organization holds cash and cash equivalents at major financial institutions in the United States of America, which cash amounts, may at times exceed FDIC insured limits. At December 31, 2022, the Organization held cash of \$275,450 in excess of FDIC insured limits. Historically, the Organization has not experienced any losses due to such cash concentrations and management believes it is not exposed to any significant credit risk on cash or cash equivalents.

AYITI DEMEN  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- C. Grants Receivable and Allowance for Doubtful Accounts – The Organization’s receivables are comprised of monies due under grants and contracts with various agencies. The Organization considers the amounts due under grants and contracts to be fully recoverable. No provision for uncollectible accounts has been made because in the opinion of management, all accounts receivable is considered fully collectible.
- D. Tax Status - The Organization is a not-for-profit corporation as listed in Section 501(c) (3) and exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization has been classified by the IRS as an organization that is not a private foundation under Section 170(b) and qualifies for charitable contribution deductions by individual donors as stated in Section 170 of the Internal Revenue Code.

It is the Organization’s policy to provide for uncertain tax positions and any related interest or penalties based on management’s assessment of whether a tax benefit is more likely-than-not to be sustained upon examination by taxing authorities. Since the Organization considers all its activities substantially related to its exempt purposes no provision has been made for income taxes, interest on tax assessments or income tax penalties in these financial statements.

For the year ended December 31, 2022, the Organization did not have any net unrelated business income and determined there was no income tax due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

- E. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- F. Revenue Recognition – The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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 been met.
- G. Donated Services - In accordance with US GAAP, contributed professional services are recognized if the services received, either (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and the Organization would need to purchase the service had it not been donated.
- H. Contributions – All contributions are considered available for the Organization’s general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase the net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

AYITI DEMEN  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- I. Program Activities and Functional Allocation of Expenses - The costs of providing the program and supporting services have been allocated on a functional basis in the statement of activities. Cost allocations are primarily based upon estimates of personnel time and space utilization. Accordingly, certain costs may be allocated among the program and supporting services benefited. The principal program is presented as Human and Economic Development in Haiti.
- J. Adoption of New Accounting Pronouncements - In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) and subsequently issued related ASUs that require lessees to present right-of-use assets and lease liabilities on the balance sheet for most leases.

The Organization adopted the leasing standards effective January 1, 2022, using the modified retrospective approach with January 1, 2022 as the initial date of application. The Organization elected to use all available practical expedients provided in the transition guidance. This allowed the Organization to not reassess the identification, classification and initial direct cost of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use impairment. As of January 1, 2022, adoption of Topic 842 did not result in any material adjustments to the balance sheet accounts related to lessor accounting.

- K. Subsequent Events – Subsequent events were evaluated through October 20, 2023, which is the date the financial statements were issued, for possible disclosure and recognition in the financial statements. No events occurred during such time that required disclosure.

NOTE 3 - GRANTS RECEIVABLE

Unconditional promises to give are recognized as revenue and as assets in the period the promise is received. Those intended to support the current period are reported as net assets without donor restrictions if they do not contain donor restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Intentions to give the donations are not recognized as revenue unless they are legally enforceable, management has determined that allowance for doubtful accounts is not necessary.

The Organization received a grant from the William Talbott Hillman Foundation for \$250,000, payable in five annual installments. As of December 31, 2022, \$150,000 is receivable. During the year, the Organization received a grant from the Wyncote Foundation for \$180,000, payable in three installments annually. As of December 31, 2022, the Organizations recognizes a grant receivable of \$120,000.

NOTE 4 - AWARDS PAYABLE

The Organization provides awards and grants to individuals, organizations, or projects that align with its mission and objectives. Awards payable represent amounts that are committed to be paid in future periods for these awards and grants. These awards may include grants, fellowships, or other forms of recognition and financial support. Awards payable are recognized as a liability in the financial statements when the organization has approved the awards or grants, and the recipients have met the necessary criteria as outlined in the organization's policies and guidelines. Awards payable are also included in awards and grants expense on statement of functional expenses.

AYITI DEMEN  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PRIOR PERIOD ADJUSTMENT

An adjustment was made to net assets with donor restriction due to unrecorded grants receivable. The effect of this adjustment resulted in an increase to accounts receivable from the William Talbot Foundation, based on the contract signed in 2021 and an increase in net assets with donor restrictions in the amount of \$200,000. The beginning balance of net assets with donor restrictions has been restated for the adjustment in the statement of activities.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

***Contractual Obligations***

Financial awards from local agencies in the form of contracts and grants are subject to special audit provisions. Such audits could result in claims against the Organization for disallowed costs or non-compliance with restrictions. No provision has been made in these financial statements for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

***Litigation***

As of December 31, 2022, there are no lawsuits of merit pending against the Organization.

NOTE 7 - REVENUE CONCENTRATIONS

The Organization's revenue is primarily earned from contributions made by outside parties, more specifically other non-profit organizations.

NOTE 8 - LIQUIDITY

At December 31, 2022, the Organization had \$576,834 of cash and cash equivalents and \$270,000 of receivables, totaling \$846,834 in financial assets available to meet needs for general expenditures.

NOTE 9 - COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. As of May 11, 2023, the federal government announced the end of the COVID-19 Public Health Emergency. To date, COVID-19 has not had a material impact on the Organization.