THE HAITIAN PROJECT, INC.

*** * * * ***

Financial Statements

December 31, 2022

Mullen Scorpio Cerilli
Certified Public Accountants
Business Consultants

Mullen Scorpio Cerilli

THE HAITIAN PROJECT, INC.

Table of Contents

Mullen Scorpio Cerilli

Certified Public Accountants
Business Consultants

67 Cedar Street, Suite 106
Providence, RI 02903
401-751-3860
401-751-3987 Fax
www.mullenscorpiocerilli.com

Independent Auditor's Report

To the Board of Directors of
The Haitian Project, Inc.

Opinion

We have audited the accompanying financial statements of The Haitian Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows 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 Haitian Project, Inc. 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Haitian Project, Inc. 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, which raise substantial doubt about The Haitian Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors of
The Haitian Project, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 Haitian Project, Inc.'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, which raise substantial doubt about The Haitian Project, Inc.'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.

Mullen Scorpio Cerilli

To the Board of Directors of
The Haitian Project, Inc.

Report on Summarized Comparative Information

We have previously audited The Haitian Project, Inc. 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mullen Scorpio Cerilli

November 11, 2023
Providence, Rhode Island

THE HAITIAN PROJECT, INC.

Statement of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents - unrestricted	$ 200,412	$ 99,617
Cash and cash equivalents - restricted	273,242	343,778
Contributions receivable	101,473	100,815
Annual fund pledges receivable	-	237,500
Endowment pledges receivable	545,150	728,099
Investments	3,617,524	4,235,651
Total assets	$ 4,737,801	$ 5,745,460
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 92	$ -
Total liabilities	92	-
Net assets:		
Without donor restrictions:		
Board designated	1,825,980	2,260,045
Operating reserves	490,585	523,349
Unrestricted	301,885	200,428
Total without donor restrictions	2,618,450	2,983,822
With donor restrictions	2,119,259	2,761,638
Total net assets	4,737,709	5,745,460
Total liabilities and net assets	$ 4,737,801	$ 5,745,460

The notes are an integral part of these financial statements.

THE HAITIAN PROJECT, INC.

Statement of Activities

For the Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and support:				
Contributions of cash and other financial assets	$ 1,472,813	$ 206,092	$ 1,678,905	$ 1,885,369
Paycheck Protection Program loan forgiveness	-	-	-	126,785
Interest income	173	-	173	89
Investment income	(350,346)	(199,026)	(549,372)	454,492
Contributions of nonfinancial assets	36,675	-	36,675	6,246
Miscellaneous income	26	-	26	208
Total revenue and support	1,159,341	7,066	1,166,407	2,473,189
Reclassification - net assets released from restrictions:	649,445	(649,445)	-	-
Total revenue, support, and reclassification	1,808,786	(642,379)	1,166,407	2,473,189
Expenses:				
Program services	1,589,852	-	1,589,852	1,882,229
Management and general	254,873	-	254,873	221,833
Fundraising	329,433	-	329,433	298,168
Total expenses	2,174,158	-	2,174,158	2,402,230
Total results from operations	(365,372)	(642,379)	(1,007,751)	70,959
Nonoperating activities:				
Transfer to other organization	-	-	-	(671,956)
Other income	-	-	-	5,375
Total nonoperating activities	-	-	-	(666,581)
Change in net assets	(365,372)	(642,379)	(1,007,751)	(595,622)
Net assets - beginning	2,983,822	2,761,638	5,745,460	6,341,082
Net assets - ending	$ 2,618,450	$ 2,119,259	$ 4,737,709	$ 5,745,460

The notes are an integral part of these financial statements.

THE HAITIAN PROJECT, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	2022				2021
	Program Services	Management and General	Fundraising	Total	Total
Personnel costs:					
Salaries	$ 306,055	$ 154,443	$ 209,604	$ 670,102	$ 523,738
Employee benefits	68,252	30,650	49,459	148,361	131,255
Total personnel costs	374,307	185,093	259,063	818,463	654,993
Other expenses:					
Advertising and promotion	-	-	8,625	8,625	9,062
Bank fees	-	-	-	-	8,015
Community and school progs. and outreach	7,785	1,497	-	9,282	1,648
Earthquake support 2021	-	-	-	-	4,721
Facility maintenance and upgrades	-	1,845	-	1,845	1,534
Fees for services	710	23,308	9,373	33,391	9,402
Grants to partner fdtns in Haiti - operating	924,130	-	-	924,130	861,500
Grants to partner fdtns in Haiti - capital	211,500	-	-	211,500	735,100
Grants to other organizations	4,800	-	-	4,800	7,500
Insurance	4,994	5,279	-	10,273	7,081
LCS schools network	14,213	-	-	14,213	7,470
Media subscriptions	160	365	-	525	448
Meetings and events	-	-	-	-	76
Missionary in-country community	1,245	-	-	1,245	2,471
Occupancy	13,177	12,952	8,275	34,404	33,384
Postage	-	994	3,512	4,506	4,688
Printing	-	440	20,265	20,705	16,697
Professional development	862	250	586	1,698	85
Staff search	73	-	-	73	76
Supplies	25,613	1,707	1,788	29,108	5,249
Tech services and upgrades	2,146	4,661	3,642	10,449	15,567
Telephone and internet	3,376	2,945	2,920	9,241	10,056
Travel/housing/transportation	761	13,537	6,384	20,682	1,007
Uncollectible pledges	-	-	5,000	5,000	4,400
Total other expenses	1,215,545	69,780	70,370	1,355,695	1,747,237
Total functional expenses	$ 1,589,852	$ 254,873	$ 329,433	$ 2,174,158	$ 2,402,230

The notes are an integral part of these financial statements.

THE HAITIAN PROJECT, INC.

Statement of Cash Flow

For the Years Ended December 31, 2022 and 2021

	2022	2021
Operating activities:		
Change in net assets	$ (1,007,751)	$ (595,622)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Unrealized loss (gain) on investments	596,653	(394,407)
Changes in current assets and liabilities:		
Accounts receivable	-	6,661
Pledges receivable	419,791	232,522
Accounts payable	92	(1,179)
Net cash provided by (used in) operating activities	8,785	(752,025)
Cash flows from investing activities:		
Disposal of fixed assets	-	641,448
Purchases of investments	21,474	304,719
Net cash provided by investing activities	21,474	946,167
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program - loan	-	126,785
Forgiveness of Paycheck Protection Program - loan	-	(126,785)
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash	30,259	194,142
Cash and restricted cash and cash equivalents - beginning of period	443,395	249,253
Cash and restricted cash and cash equivalents - end of period	$ 473,654	$ 443,395
Additional disclosures		
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

The notes are an integral part of these financial statements.

Note 1 - Description of the Organization

The Haitian Project ("the Project") through its support of Louverture Cleary Schools, a national network of tuition-free, Catholic, co-educational secondary boarding schools in Haiti, provides for the education of academically talented and motivated students from Haitian families who cannot afford the cost of their children's education in order to maximize their potential and enable them to work toward building a Haiti where justice and peace thrive.

The majority of revenue is from contributions.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Project have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Project to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions are those not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Project. These net assets may be used at the discretion of management and the Board of Directors.

- Net assets with donor restrictions are those subject to stipulations by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Project 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Project considers cash and cash equivalents to be equal to cash balances within checking, savings accounts, certificate of deposits, and money market funds.

Note 2 continued on the next page.

Note 2 - Summary of Significant Accounting Policies (continued)

Pledges Receivable

The Project uses a specific write-off method for bad debts. Under this method, an allowance for doubtful accounts is not maintained, but pledges receivable is written off when they become uncollectible.

Generally accepted accounting principles require an allowance for doubtful accounts receivable whenever they can be reasonably estimated and is a material amount. The effect of using the specific write-off method instead of the reserve method is not material to these financial statements.

Property and Equipment

The Project's policy is to capitalize all purchases of property and equipment over $2,500 having a useful life of a year or more as fixed assets. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value.

Depreciation is calculated under the straight-line method over the estimated useful lives of the assets. Building and improvements have a useful life of twenty-five years; vehicles and equipment have useful lives of five to twenty-five years.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at fair value in the accompanying financial statements. Unrealized gains and losses are included in the change in net assets.

Revenue Recognition

Contribution Revenue

Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received or promised. Contributions receivable due beyond one year are stated at net present value of the estimated cash flows. Conditional contributions are recorded when conditions have been met. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

The Project reports contributions in the donor restricted net asset class if they are received with donor stipulations as to their use and/or time. When a donor restriction expires, that is, when a stipulated tie restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released and reclassified to net assets without donor restriction in the statement of activities.

Donor restricted contributions are initially reported as net asset with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period

Note 2 continued on the next page.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grant Income

Grants that are funded as reimbursements are recognized in the period in which the Project incurs the reimbursable program expenses.

Grants that are funded in advance of programs are recognized as contributions and recorded in the period of their award notice.

Recognition of Donor Restrictions

All donor restricted support is reported as an donor restricted net assets. When a restriction expires, the restricted net assets are reclassified to unrestricted net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Project reports the donation as unrestricted.

Contributions of Nonfinancial Assets

Contributions of donated non-cash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair market values in the period received.

Income Taxes

The Project is exempt from income taxes as a charitable organization under Section 501(c)(3) under the Internal Revenue Code and is not considered a private foundation.

The Project evaluates its uncertain tax positions using guidance for contingencies as contained in U.S. generally accepted accounting principles. The Project was not aware of any uncertain tax positions that were not provided for in the accompanying financial statements.

The Project annually files Internal Revenue Service Form 990 - *Return of Organization Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities and the Project's income tax returns are subject to examination by the IRS and state authorities, generally for three years after they were filed. The Project currently has no tax examinations in progress.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs benefited.

Note 2 continued on the next page.

Note 2 - Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Project's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Recently Adopted Accounting Pronouncements

In September 2020, the Financial Accounting Standard Board (FASB) issued Accounting Standards No. 2020-07, *Not-for-Profit Entities (Topic 958: Presentation and Disclosures by Not-for-Profit Entities)*, to improve transparency in the reporting of contributions of nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. Accounting Standards Update (ASU) No. 2020-07 was issued to address certain stakeholder's concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in the entity's programs and other activities. The ASU was effective for the Project's fiscal year ended December 31, 2022. Analysis of various provisions of this standard resulted in no significant changes in the way the Project recognizes revenue, and therefore no changes to the previously issues audited financial statements were required on the retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. The adoption of this guidance did not have a material impact on the Project's financial statements.

The Project has adopted ASU No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Project's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Project recognizes revenue, and therefore, no changes to the previously issues audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Note 3 - Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2022 and 2021:

	2021	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 473,654	$ 443,395
Investments	3,617,524	4,235,651
Accounts receivable	646,623	1,066,414
Total financial assets	4,737,801	5,745,460
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(2,119,259)	(2,761,638)
Board restricted	(1,825,980)	(2,260,045)
Financial assets available to meet general expenditures over the next twelve months	$ 792,562	$ 723,777

Note 4 - Pledges Receivable

For the years ended December 31, 2022 and 2021, the Project has accepted contribution pledges. These pledges are expected to be collected in future years. The pledges have not been adjusted to the present value of their estimated future cash flows because it was not material to these financial statements. An allowance for doubtful pledges was not recorded in the years ended December 31, 2022 and 2021 because the Project uses the specific write-off method. The effect of using the specific write-off method instead of the reserve method is not material to these financial statements.

Included in pledges receivable are the following promises to give at December 31, 2022 and 2021, respectively:

	2022	2021
Pledges receivable	$ 545,150	$ 728,099
Less: unamortized present value discount	-	-
Net pledges receivable	$ 545,150	$ 728,099

Note 4 continued on the next page.

Note 4 - Pledges Receivable (continued)

The following schedule summarizes pledges receivable as of December 31, 2022 and 2021:

	2022	2021
Current:		
Due within one year	$ 34,023	$ 134,448
Noncurrent:		
Due in two years	$ 245,300	$ 256,540
Due in three years	64,260	85,520
Due in four years	62,200	62,000
Due in five years and thereafter	139,367	189,591
Total noncurrent	511,127	593,651
Total	$ 545,150	$ 728,099

Note 5 - Investments

Investments are stated at fair value and are summarized as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Money markets and cash equivalents	$ 524,893	$ 365,114
Certificate of deposit - domestic	16,601	513,970
Domestic equities	1,622,821	1,777,723
International equities	711,667	1,035,492
Fixed income	741,542	543,352
Total	$ 3,617,524	$ 4,235,651

The following schedule summarizes the investments return and its classification in the statement of activities for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 45,300	$ 25,101	$ 70,401
Unrealized and realized gains (losses)	(380,781)	(215,872)	(596,653)
Investment fees	(14,865)	(8,255)	(23,120)
Total	$ (350,346)	$ (199,026)	$ (549,372)

Note 5 continued on the next page.

Note 5 - Investments (continued)

The following schedule summarizes the investments return and its classification in the statement of activities for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 51,995	$ 22,546	$ 74,541
Unrealized and realized gains (losses)	257,445	136,962	394,407
Investment fees	(9,776)	(4,680)	(14,456)
Total	$ 299,664	$ 154,828	$ 454,492

Note 6 - Fair Value Measurements

U.S. Generally accepted accounting principles establish a framework for measuring fair value and expand disclosures about fair value measurements for assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 input) and the lowest priority to unobservable inputs (level 3 inputs). The three levels of the fair value hierarchy according to generally accepted accounting principles are as follows:

- Level 1 - valuations based on quoted prices in active markets for identical investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 - valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and determined through the use of models or other valuation methodologies.
- Level 3 - valuations based on inputs that are unobservable and significant to the overall fair value measurement, and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

Note 6 continued on the next page.

Note 6 - Fair Value Measurements (continued)

The following tables present assets at December 31, 2022 and 2021 that the Project measures at fair value on a recurring basis by level within the fair value hierarchy.

Investments	2022	2021
Level 1:		
Money market and cash equivalents	$ 524,893	$ 365,114
Certificate of deposit - domestic	16,601	513,970
Equities:		
Domestic - Vanguard Index Fund	1,622,821	1,777,723
International - Vanguard Star Fund	711,667	1,035,492
Fixed Income:		
Government Bonds	158,537	134,665
Corporate Bonds	583,005	408,687
Total Level 1	3,617,524	4,235,651
Level 2	-	-
Level 3	-	-
Total investments	$ 3,617,524	$ 4,235,651

Note 7 - Endowment

The Project's endowment includes both donor restricted endowment funds and funds designated by the Board to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Project operates under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Project classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 7 continued on the next page.

Note 7 - Endowment (continued)

In accordance with Rhode Island State law, the Project considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a) the duration and preservation of the endowment fund

b) the purpose of the Project and the endowment

c) general economic conditions

d) the possible effect of inflation or deflation

e) the expected total return from income and the appreciation of investments

f) other resources

g) the investment policy of the Project

Return Objective and Risk Parameters - The Project has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Project must hold for a donor-specified time as well as board-designated funds. Given the relationship between risk and return, a fundamental step in determining the investment policy for Endowment Funds is the determination of an appropriate risk tolerance. After taking into consideration such factors as corporate financial stability, uncertainty of cash flows in and out of the Endowment Funds over the long-term and capital market volatility, the Board of Directors believes a very conservative investment strategy is prudent. Under this policy, as approved by the Board of Directors, the goal is to have stable returns over the long term, with a reduced potential of negative returns in any given year. The Board has reserved the right to change this conservative investment strategy as financial markets improve.

Strategies Employed for Achieving Objective - To satisfy its long-term rate-of-return objectives, the Project relies on a total return strategy in which investment returns are achieved through both capital appreciation (both realized and unrealized) and current yield (interest and dividends). The Project targets an asset allocation of 70% equity and 30% fixed and targets a low-risk asset portfolio to minimize potential market loss.

Spending Policy - The Project has the following Spending Policy.

Post-Graduate Education Fund - Annually the Investment Committee, at the request of the Board of Directors, will make available funds to support the continuing education of Louverture Cleary graduates.

The amounts set aside for this purpose shall not exceed the sum of the gross earnings (both realized and unrealized) for the year plus any carry-forward from prior years (see below). The real gross earnings are the nominal gross earnings adjusted for the annual change in the cost of education in Haiti as measured by the "Haiti Education Price Index," an index established and monitored by the Investment Committee.

No distribution of income will be made in the subsequent year if, at the end of the prior calendar year, the market value of the Fund falls below the sum of the combined principals of all individual scholarship funds.

Note 7 continued on the next page.

Note 7 - Endowment (continued)

Post-Graduate Education Fund (continued) - In years in which less than 100% of the funds set aside for continuing education are used, the difference will be carried forward to subsequent years.

The distribution will be transferred from the Fund to the appropriate operating account(s) in a single transfer in the first calendar quarter of the year.

Endowment Fund (Board Controlled) - The Investment Committee will annually recommend the percentage distribution ("payout rate") from the Fund to support the programs of The Haitian Project. Except in extraordinary circumstances, the recommended payout rate is to be no more than 6% and should generally fall in the range of 4% to 6%, a level consistent with that of other established foundations and endowments.

The amount of distribution ("Distribution") will be the payout rate multiplied by the average of the balance of the Fund on December 31 of the prior two years. For example, the distribution for 2016 will be the payout rate multiplied by the average of the balance of the fund on December 31, 2015 and December 31, 2016.

The distribution will be transferred from the Fund to the appropriate operating account(s) in four equal transfers, one in each calendar quarter. For example, four equal transfers might be made as one each in January, April, July and October.

The Board has reserved the right to change the spending policy depending on the financial market conditions and performance and investment returns.

The composition of endowment net assets by net asset class is as follows for the year ended December 31, 2022:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,300,957	$ 1,300,957
Board designated endowment funds	1,825,982	-	1,825,982
	$ 1,825,982	$ 1,300,957	$ 3,126,939

Note 7 continued on the next page.

Note 7 - Endowment (continued)

Endowment activities by net asset class are as follows for the year ended December 31, 2022:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 2,260,045	$ 1,452,259	$ 3,712,304
Contributions	11,900	147,723	159,623
Investments returns:			
Interest and dividends	40,443	25,101	65,544
Net realized and unrealized gains (losses)	(374,249)	(215,872)	(590,121)
Disbursements	(100,000)	(100,000)	(200,000)
Reclassification of investment earnings	-	-	-
Investments fees	(12,157)	(8,254)	(20,411)
Endowment net assets, end of year	$ 1,825,982	$ 1,300,957	$ 3,126,939

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets and those functioning as endowment assets	$ 1,825,982	$ 1,300,957	$ 3,126,939
Other net assets	792,468	818,302	1,610,770
Total net assets	$ 2,618,450	$ 2,119,259	$ 4,737,709

The composition of endowment net assets by net asset class is as follows for the year ended December 31, 2021 as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,452,259	$ 1,452,259
Board designated endowment funds	2,260,045	-	2,260,045
	$ 2,260,045	$ 1,452,259	$ 3,712,304

Note 7 continued on the next page.

Note 7 - Endowment (continued)

Endowment activities by net asset class are as follows for the year ended December 31, 2021:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 2,334,696	$ 1,242,756	$ 3,577,452
Contributions	25,520	129,677	155,197
Investments returns:			
Interest and dividends	46,295	22,546	68,841
Net realized and unrealized gains (losses)	262,139	136,962	399,101
Disbursements	(400,000)	(75,000)	(475,000)
Reclassification of investment earnings	-	-	-
Investments fees	(8,609)	(4,678)	(13,287)
Endowment net assets, end of year	$ 2,260,045	$ 1,452,259	$ 3,712,304

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets and those functioning as endowment assets	$ 2,260,045	$ 1,452,259	$ 3,712,304
Other net assets	723,777	1,309,379	2,033,156
Total net assets	$ 2,983,822	$ 2,761,638	$ 5,745,460

Note 8 - Paycheck Protection Program - SBA Loan

On January 30, 2021, the Project received a loan through the Paycheck Protection Program, Loan 2, for $126,785. The full loan amount of $126,785 was forgiven August 13, 2021. For the year ending December 31, 2021, $126,785 was recorded as grant revenue on the statement of activities.

Note 9 - Board Designated Net Assets

At December 31, 2022 and 2021, the Project's Board of Directors has designated unrestricted net assets as follows:

	2022	2021
Designated for long term investment	$ 1,825,980	$ 2,260,045

Note 10 - Net Assets - With Donor Restrictions

As of December 31, 2022 and 2021, the following is a detail of the restricted net assets:

	2022	2021
Program grants and isolated funds	$ 273,150	$ 343,278
Pledges	166,860	441,760
Post Grad Support Endowment Earnings	-	164,260
Total restrictions for specific purpose	$ 440,010	$ 949,298
Not subject to appropriation of expenditures:		
Post Grad Support Endowment	$ 775,453	$ 841,690
OEA Endowment	525,456	446,809
Pledges	378,340	523,841
Total donor restricted endowment	$ 1,679,249	$ 1,812,340
Total with donor restrictions	$ 2 ,119,259	$ 2,761,638

Note 11 - Net Assets Released from Restrictions

Net assets were released from contract and donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the contracts or donors. The amounts released during the years ended December 31, 2022 and 2021, respectively, are as follows:

	2022	2021
Program expenses	$ 395,941	$ 263,586
Endowment pledge payments	7,400	25,520
Annual fund pledge payments	262,500	175,000
Endowment distribution	12,298	75,000
To restrict funds with donor restrictions not spent	(28,694)	(67,642)
Total net assets released from restriction	$ 649,445	$ 471,464

Note 12 - Transfer to Other Organization

In 2021, The Haitian Project finalized formal relationships with two Haitian non-profit organizations established for the purpose of managing the physical assets and construction of new schools in Haiti (Foundation Haitian Project) and the academic program (Foundation Educative Louverture Cleary). Previously The Haitian Project carried out this work directly. As a part of this change, The Haitian Project transferred property, equipment, cash, inventory and receivables to the Haitian foundations totaling $671,956.

Note 13 - Internal Payable/Receivable Loan

During the year ended December 31, 2021, the Project's Board of Directors authorized borrowing $300,000 from the General Endowment Fund for Model Campus construction costs. The Project has documented this with a promissory note for $300,000 for one year at an interest rate of 1.5%, which the board renewed for an additional one-year term in August of 2022. The internal payable and receivable amounts have been eliminated for financial purposes on the statement of financial position.

Note 14 - Contributed Services and Facilities

The Project has received nonfinancial asset donations of program services. The values of these donations are recorded as revenue and expense in the statement of activities, and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Accounting and legal services	$ 3,820	$ 5,783
Housing	5,848	-
Books and supplies	27,007	463
Total	$ 36,675	$ 6,246

Note 15 - Related Party

During the years ending December 31, 2022 and 2021, the spouse of the executive director was employed by the Project as the Director of New School Construction. The employee earned $62,500 and $61,800 during the years ended December 31, 2022 and 2021, respectively.

Note 16 - Concentration of Credit Risk

The Project has concentrated its credit risk for cash by maintaining deposits in one financial institution. The Federal Deposit Insurance Corporation (FDIC) insure the balance up to $250,000. At December 31, 2022 and 2021, the Project had $358,201 and $404,797, respectively, in uninsured cash balance.

Note 17 - Subsequent Events

Subsequent events have been evaluated through November 11, 2023, which is the date the financial statements were available for issuance.