

HEART TO HONDURAS, INC.

**CONSOLIDATED
FINANCIAL STATEMENTS**

With Independent Auditor's Report

December 31, 2015 and 2014



HEART TO HONDURAS, INC.

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Heart to Honduras, Inc.
Xenia, Ohio**

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

I have audited the accompanying consolidated statements of financial position of Heart to Honduras, Inc. and its subsidiary as of December 31, 2015 and 2014 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the organization's management.

JAMES H. QUIST CPA PLC

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, I 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Heart to Honduras, Inc. and its subsidiary as of December 31, 2015 and 2014, 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.

INDEPENDENT AUDITOR'S REPORT, continued

OTHER MATTER

My audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary data provided on pages 13 through 15 is presented only for additional analysis purposes and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in blue ink, appearing to read "James H. Quitt".

Wyoming, Michigan
November 28, 2016

HEART TO HONDURAS, INC.

Consolidated Statements of Financial Position

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 309,864	\$ 290,417
Accounts receivable	-	1,159
Contributions receivable	19,750	459,590
Prepaid expenses	7,594	3,115
Notes and other receivables	647	307
Inventory	824	5,012
Property held for sale	18,236	18,236
Property and equipment, net	<u>1,611,765</u>	<u>1,669,251</u>
Total Assets	<u>\$ 1,968,680</u>	<u>\$ 2,447,087</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 17,838	\$ 14,726
Accrued payroll taxes	7,543	9,507
Accrued severance pay	<u>25,910</u>	<u>36,627</u>
Total Liabilities	<u>51,291</u>	<u>60,860</u>
Net Assets		
Unrestricted		
Undesignated	(116,319)	184,614
Net investment in property and equipment	<u>1,611,765</u>	<u>1,669,251</u>
	1,495,446	1,853,865
Temporarily restricted	<u>421,943</u>	<u>532,362</u>
Total Net Assets	<u>1,917,389</u>	<u>2,386,227</u>
Total Liabilities and Net Assets	<u>\$ 1,968,680</u>	<u>\$ 2,447,087</u>

See accompanying notes to consolidated financial statements

HEART TO HONDURAS, INC.

Consolidated Statements of Activities

For the Years Ended December 31,

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Contributions	\$ 152,496	\$ 1,108,994	\$ -	\$ 1,261,490	\$ 964,201	\$ 1,426,704	\$ -	\$ 2,390,905
Gifts-in-kind	91,980	-	-	91,980	120,512	-	-	120,512
Investment income	1,759	-	-	1,759	283	-	-	283
Loss on disposal of assets	-	-	-	-	(120)	-	-	(120)
Merchandise sales, net of cost of goods sold of \$6,852 and \$26,102 respectively	14,395	-	-	14,395	2,117	-	-	2,117
Other revenue	43,804	-	-	43,804	38,476	-	-	38,476
Total Support and Revenue	304,434	1,108,994	-	1,413,428	1,125,469	1,426,704	-	2,552,173
RECLASSIFICATIONS								
Net assets released for:								
Administration cost assessment	28,632	(28,632)	-	-	33,490	(33,490)	-	-
Satisfaction of purpose restrictions	1,190,781	(1,190,781)	-	-	1,381,552	(1,381,552)	-	-
Total Reclassifications	1,219,413	(1,219,413)	-	-	1,415,042	(1,415,042)	-	-
Total Support, Revenue and Reclassifications	1,523,847	(110,419)	-	1,413,428	2,540,511	11,662	-	2,552,173
EXPENSES								
Program services	1,545,456	-	-	1,545,456	1,518,115	-	-	1,518,115
Supporting activities:								
Management and general	267,939	-	-	267,939	299,738	-	-	299,738
Fund-raising	72,475	-	-	72,475	460,635	-	-	460,635
Total Expenses	1,885,870	-	-	1,885,870	2,278,488	-	-	2,278,488
Change in Net Assets before Currency Exchange	(362,023)	(110,419)	-	(472,442)	262,023	11,662	-	273,685
Currency exchange	3,604	-	-	3,604	(3,074)	-	-	(3,074)
Change in Net Assets after Currency Exchange	(358,419)	(110,419)	-	(468,838)	258,949	11,662	-	270,611
Net Assets, Beginning of Year	1,853,865	532,362	-	2,386,227	1,594,916	520,700	-	2,115,616
Net Assets, End of Year	\$ 1,495,446	\$ 421,943	\$ -	\$ 1,917,389	\$ 1,853,865	\$ 532,362	\$ -	\$ 2,386,227

See accompanying notes to consolidated financial statements

HEART TO HONDURAS, INC.

Consolidated Statements of Cash Flows

	For the Years Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (468,838)	\$ 270,611
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	-	120
Write-off of uncollectible notes receivable	362	442
Donation of notes payable	-	(41,000)
Depreciation expense	62,770	64,880
Change in:		
Accounts receivable	1,159	(1,149)
Contributions receivable	439,840	(181,700)
Prepaid expenses	(4,479)	89,106
Inventory	4,188	11,468
Accounts payable	3,112	7,584
Accrued payroll taxes	(1,964)	708
Accrued severance pay	(10,717)	2,898
Net Cash Provided by Operating Activities	<u>25,433</u>	<u>223,968</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,284)	(60,655)
Issuance of notes receivable	(56,665)	(14,045)
Collections on notes receivable	55,963	25,784
Net Cash Used by Investing Activities	<u>(5,986)</u>	<u>(48,916)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	36,000	13,000
Payments on line of credit	(36,000)	(38,000)
Net Cash Used by Financing Activities	<u>-</u>	<u>(25,000)</u>
Change in Cash and Cash Equivalents	19,447	150,052
Cash and Cash Equivalents, Beginning of Year	<u>290,417</u>	<u>140,365</u>
Cash and Cash Equivalents, End of Year	<u>\$ 309,864</u>	<u>\$ 290,417</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 269</u>	<u>\$ 3,383</u>

See accompanying notes to consolidated financial statements

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

1. NATURE OF ORGANIZATION

Heart to Honduras, Inc. (HTH) was incorporated as a Florida nonprofit religious corporation in July 1991. In 2001, HTH relocated its domestic operations to Xenia, Ohio. HTH is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (code) and is not a private foundation under Section 509(a)(2) of the code. HTH is supported primarily by contributions from churches and individuals. These financial statements include the assets, liabilities, net assets, revenue and expenses of Ministerio Corazon' Para Honduras Internacional (CPH), which operates as a non-governmental not-for-profit entity in Honduras. CPH reports to HTH's board of directors.

HTH is a holistic ministry, centered in Christ, resourced by passionate partners. With a vision to form disciples that will transform their world, Heart to Honduras partners with churches, educational and civic organizations, individuals and business to help the Honduran people realize their potential and to enable them to become agents of change in their communities. Heart to Honduras is equipping communities with sustainable models of work and development to provide clean water, secure housing, accessible medical care, a consistent food supply, adequate fair employment, as well as spiritual and educational opportunities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of HTH include the combined financial resources and activities of HTH and CPH, which HTH funds. All inter-organization balances and transactions have been eliminated in the consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

FUNCTIONAL CURRENCY AND GAIN (LOSS) ON CURRENCY EXCHANGE

Because the primary source of financing occurs in U.S. dollars and because the changes in the foreign operation assets directly affect the cash flows of the U.S. operations, the functional currency used is the U.S. dollar. All transactions in foreign currencies have been translated into U.S. dollars at average rates of exchange prevailing for the years ended December 31, 2015 and 2014 as applicable. These translations are reported as currency exchange on the statements of activities.

CASH AND CASH EQUIVALENTS

For purposes of these statements, HTH considers all checking, savings and money market accounts to be cash and cash equivalents. Accounts in United States banks are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. From time to time during the year, HTH may have cash in any of these accounts in excess of the federally insured limit. HTH has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

CASH AND CASH EQUIVALENTS, continued

HTH utilizes four accounts in a national bank in Honduras for funds deposited there, which totaled \$55,695 and \$105,080 at December 31, 2015 and 2014, respectively. Funds on deposit in Honduras banks are insured for up to 100,000 lempiras (or approximately \$4,525 and \$4,760 U.S. at December 31, 2015 and 2014, respectively) per each account.

At December 31, 2015 and 2014, the balance of temporarily restricted net assets exceeded the balance of cash and cash equivalents. However, HTH can borrow against its \$35,000 line of credit (Note 5) if such would be necessary to fulfill the purpose restrictions of temporarily restricted net assets.

Donated investments are recorded initially at fair value on the date of the gift and reported subsequently at fair value as of the report date. Fair value of donated marketable equity securities is based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Fair Value Measurements and Disclosure Topic of the Financial Accounting Standards Board Accounting Standards Codification.

Realized and unrealized gains and losses are reported in unrestricted income in the statements of activities unless a donor or law temporarily or permanently restricts their use. Realized gains and losses are determined using the specific identification method.

CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of two and twenty-two promises to give from various individuals at December 31, 2015 and December 31, 2014, respectively. Unconditional promises to give are recognized as income when made and reported at fair value based upon estimated future cash flows. Unconditional promises to give that are expected to be collected within one year are reported at net realizable value because the present value of the estimated value of the estimated cash flows approximates net realizable value. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are expected to be received. This discount rate is based on yields of U.S. treasury bills corresponding to the timing of the contributions receivable. Amortization of the discount is included in contributions revenue in the consolidated statements of activities. Because all promises to give are expected to be collected within one year, all are being reported at net realizable value.

Management believes all contributions receivable balances are fully collectible at December 31, 2015 and 2014; there is, therefore, no allowance for doubtful promises to give.

NOTES AND OTHER RECEIVABLES

Notes and other receivables include loans made to Brazos Abiertos churches, employees and other miscellaneous receivables. Brazos Abiertos is an association of churches that has been formed and is operating as an HTH ministry. All of the assets of the member churches belong to HTH. Loans are made to these churches to facilitate their growth and self-sustenance.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

NOTES AND OTHER RECEIVABLES, continued

Loans made to employees are approved by management. Employees must make monthly payments on these loans until fully paid. Upon termination of employment, management considers whether forgiveness of the unpaid balance is appropriate, given the circumstances. If not, arrangements for repayment are made with the former employee.

Outstanding loan balances are reviewed at year-end to determine their collectability. Those deemed to be uncollectible are written-off. Management thus believes all reported receivable balances are fully collectible and no provision for uncollectible accounts has been made.

INVENTORY

Inventory, which consists primarily of coffee and logo merchandise, is valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost or, if donated, at the fair value as of the date of the gift. HTH capitalizes purchases greater than \$1,000. Depreciation is recorded using the straight-line method over estimated useful lives of 3 to 40 years. Depreciation expense was \$62,770 and \$64,880 for the years ended December 31, 2015 and 2014, respectively.

ACCRUED SEVERANCE PAY

Accrued severance pay reflects amounts due to employees at December 31, 2015 and 2014 under Honduran employment regulations, which prescribe that eligible employees are entitled to one month of severance compensation for every year of employment up to a maximum of fifteen months' compensation. Several former employees have in the past resigned and received their respective severance pay amounts. Some of these individuals have then been rehired by HTH as contract workers.

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets as follows:

UNRESTRICTED NET ASSETS are those currently available for ministry purposes under the direction of the board of directors (undesignated net assets), those designated by the board for specific use and the resources invested in property and equipment.

TEMPORARILY RESTRICTED NET ASSETS are those contributed with donor stipulations for specific operating purposes or programs, those with time restrictions or those not currently available for use until commitments regarding their use have been fulfilled. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

CLASSES OF NET ASSETS, continued

PERMANENTLY RESTRICTED NET ASSETS are those subject to donor-imposed stipulations to be maintained permanently by an organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. To date, HTH has received no permanently restricted contributions.

SUPPORT AND REVENUE

Contributions are recorded when cash is received, unconditional promises are made, and when ownership of donated assets is transferred to HTH. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to legal restrictions. An assessment for management and general, and fund-raising costs is applied against temporarily restricted and permanently restricted gifts. Bequests are reported as income at the time HTH has an established right to the bequest and the proceeds are measurable.

All other revenue is reported when earned.

CONTRIBUTED PROPERTY, EQUIPMENT, SUPPLIES AND SERVICES

HTH reports gifts of property, equipment and supplies as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. HTH reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The values of donated property, equipment and supplies are based upon their estimated fair values. Gifts-in-kind of property, equipment and supplies having values of \$8,700 and \$16,620 have been reported as part of gifts-in-kind contributions in the statements of activities for the years ended December 31, 2015 and 2014, respectively. Also included in gifts-in-kind revenue is the estimated fair rental value of \$12,000 for both 2015 and 2014 for leased office space (Note 4).

A substantial number of unpaid health care professionals and short-term workers have made significant contributions of their time to HTH, principally in overseas medical services. HTH has also been provided with information technology services. These services have been reported as contributions based on the estimated fair value of the services performed. Donated services were reported as part of gifts-in-kind revenue and allocated to expenses in the amounts of \$71,280 and \$91,892 during 2015 and 2014, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred. The costs of providing the various program services and supporting activities of HTH have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities, based on the use of facilities, level of support effort or the relative benefit received by each of the programs and supporting ministries.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31, 2015		
	Headquarters	Honduras	Total
Land	\$ -	\$ 510,515	\$ 510,515
Land improvements	-	315,023	315,023
Buildings and leasehold improvements	347,318	823,330	1,170,648
Construction in progress	-	32,550	32,550
Furniture and equipment	29,101	76,777	105,878
Vehicles	-	191,038	191,038
	<u>376,419</u>	<u>1,949,233</u>	<u>2,325,652</u>
Accumulated depreciation	<u>(133,958)</u>	<u>(579,929)</u>	<u>(713,887)</u>
	<u>\$ 242,461</u>	<u>\$ 1,369,304</u>	<u>\$ 1,611,765</u>

	December 31, 2014		
	Headquarters	Honduras	Total
Land	\$ -	\$ 510,515	\$ 510,515
Land improvements	-	315,023	315,023
Buildings and leasehold improvements	347,318	820,031	1,167,349
Construction in progress	-	32,549	32,549
Furniture and equipment	45,632	74,790	120,422
Vehicles	1,500	191,038	192,538
	<u>394,450</u>	<u>1,943,946</u>	<u>2,338,396</u>
Accumulated depreciation	<u>(142,723)</u>	<u>(526,422)</u>	<u>(669,145)</u>
	<u>\$ 251,727</u>	<u>\$ 1,417,524</u>	<u>\$ 1,669,251</u>

Management has reviewed the assets in Honduras and, in its opinion, has determined they are under the control and ownership of HTH. While such items are recognized as assets of HTH, it should be noted that the political situation in many other countries is subject to rapid change. While HTH believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in Honduras. In addition, the carrying value of the assets in Honduras may not represent the amount that could be realized should the assets be sold.

Several of the buildings in Honduras have been built by donated labor and with donated materials. According to U.S. generally accepted accounting principles, these assets have been reported at their estimated fair values as of the dates they were placed in service.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

4. LEASE AGREEMENTS

HTH leases a copier under a noncancelable operating lease agreement that expires in 2017 and required monthly payments of \$414 and \$395 in 2015 and 2014, respectively. Total rental expenses under this and a previous lease agreement during the years ended December 31, 2015 and 2014 were \$4,970 and \$4,743, respectively.

Future minimum rental payments required under this lease agreement are as follows:

<u>Years Ending December 31,</u>		
2016		\$ 4,970
2017		<u>4,970</u>
		<u>\$ 9,940</u>

HTH has a long-term lease for its headquarters facility in Xenia, Ohio. The lease is for 99 years at an annual cost of \$1. This lease meets the criteria for a bargain lease. Therefore, the estimated fair rental value has been reported as both gift-in-kind revenue and an administrative expense in the statements of activities. The estimated fair value of the leased property was \$12,000 for each of the years ended December 31, 2015 and 2014, respectively.

HTH sub-leases a portion of its headquarters to another not-for-profit organization. This sub-lease is on a year-to-year basis that expires on January 31 and requires monthly payments of \$1,275.

The carrying value of sub-leased property is as follows:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 66,515	\$ 66,515
Less: accumulated depreciation	<u>(21,757)</u>	<u>(20,094)</u>
	<u>\$ 44,758</u>	<u>\$ 46,421</u>

5. LINE OF CREDIT

HTH has a \$35,000 unsecured line of credit, which is due on demand and subject to annual review by the bank. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 4 percent (which equates to 4.50 percent at December 31, 2015 and 2014, respectively). HTH both borrowed and repaid a total of \$36,000 on the line of credit during the year ended December 31, 2015. HTH borrowed a total of \$27,000 and repaid \$52,000 on the line of credit during the year ended December 31, 2014.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consists of:

	December 31,	
	2015	2014
Brazos Abiertos	\$ 16,101	\$ 21,367
Community development	30,437	28,094
Education	22,396	6,734
Groups	30,587	31,274
Health care	4,677	2,689
Land development	815	815
Leadership development	1,094	-
Microeconomic heart fund	11,580	11,580
Ministries	45,775	122,898
Projects	2,499	2,522
Projects - groups	46,364	79,068
School of Discipleship	-	6,011
Sister churches	24,482	25,252
The Big Picture	182,678	193,417
Widows homes	2,458	641
	<u>\$ 421,943</u>	<u>\$ 532,362</u>

7. RETIREMENT PLAN

HTH provides retirement benefits to its full-time staff with ministerial credentials through a defined contribution plan administered by Servant Solutions, a retirement plan governed by the General Assembly of the Church of God. Amounts contributed are approved by the board of directors. Contributions to the plan during the years ended December 31, 2015 and 2014 were \$23,400 and \$26,338, respectively.

8. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these consolidated financial statements subsequent events and transactions occurring through November 28, 2016, the date these consolidated financial statements were available to be issued. No such significant events or transactions were identified.

SUPPLEMENTARY DATA

HEART TO HONDURAS, INC.

Consolidating Statements of Financial Position

	December 31,							
	2015				2014			
	Heart To Honduras	Corazon' Para Honduras	Eliminations	Total	Heart To Honduras	Corazon' Para Honduras	Eliminations	Total
ASSETS								
Cash and cash equivalents	\$ 254,169	\$ 55,695	\$ -	\$ 309,864	\$ 185,337	\$ 105,080	\$ -	\$ 290,417
Accounts receivable	-	-	-	-	1,159	-	-	1,159
Contributions receivable	19,750	-	-	19,750	459,590	-	-	459,590
Prepaid expenses	7,594	-	-	7,594	3,115	-	-	3,115
Notes and other receivables	-	647	-	647	-	307	-	307
Inventory	259	565	-	824	4,070	942	-	5,012
Property held for sale	-	18,236	-	18,236	-	18,236	-	18,236
Property and equipment, net	242,461	1,369,304	-	1,611,765	251,727	1,417,524	-	1,669,251
Investment in Corazon' Para Honduras	1,409,832	-	(1,409,832)	-	1,500,813	-	(1,500,813)	-
Total Assets	\$ 1,934,065	\$ 1,444,447	\$ (1,409,832)	\$ 1,968,680	\$ 2,405,811	\$ 1,542,089	\$ (1,500,813)	\$ 2,447,087
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable	\$ 9,406	\$ 8,432	\$ -	\$ 17,838	\$ 13,509	\$ 1,217	\$ -	\$ 14,726
Accrued payroll taxes	7,270	273	-	7,543	6,075	3,432	-	9,507
Accrued severance pay	-	25,910	-	25,910	-	36,627	-	36,627
Total Liabilities	16,676	34,615	-	51,291	19,584	41,276	-	60,860
Net Assets								
Unrestricted								
Undesignated	1,348,586	(55,073)	(1,409,832)	(116,319)	1,742,205	(56,778)	(1,500,813)	184,614
Net investment in property and equipment	242,461	1,369,304	-	1,611,765	251,727	1,417,524	-	1,669,251
	1,591,047	1,314,231	(1,409,832)	1,495,446	1,993,932	1,360,746	(1,500,813)	1,853,865
Temporarily restricted	326,342	95,601	-	421,943	392,295	140,067	-	532,362
Total Net Assets	1,917,389	1,409,832	(1,409,832)	1,917,389	2,386,227	1,500,813	(1,500,813)	2,386,227
Total Liabilities and Net Assets	\$ 1,934,065	\$ 1,444,447	\$ (1,409,832)	\$ 1,968,680	\$ 2,405,811	\$ 1,542,089	\$ (1,500,813)	\$ 2,447,087

See independent auditor's report and notes to consolidated financial statements

HEART TO HONDURAS, INC.

Consolidating Statement of Activities

For the Year Ended December 31, 2015

	Heart To Honduras			Corazon' Para Honduras			Eliminations	Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Total			
SUPPORT AND REVENUE									
Contributions	\$ 148,360	\$ 947,900	\$ -	\$ 1,096,260	\$ 4,136	\$ 161,094	\$ 165,230	\$ -	\$ 1,261,490
Grants from Heart to Honduras	-	-	-	-	-	625,174	625,174	(625,174)	-
Gifts-in-kind	91,980	-	-	91,980	-	-	-	-	91,980
Investment income	29	-	-	29	1,730	-	1,730	-	1,759
Merchandise sales, net of cost of goods sold of \$5,088 U.S., \$1,765 HON	12,529	-	-	12,529	1,866	-	1,866	-	14,395
Other revenue	-	-	-	-	43,804	-	43,804	-	43,804
Total Support and Revenue	252,898	947,900	-	1,200,798	51,536	786,268	837,804	(625,174)	1,413,428
RECLASSIFICATIONS									
Net assets released for:									
Administration cost assessment	28,632	(28,632)	-	-	-	-	-	-	-
Satisfaction of purpose restrictions	985,221	(985,221)	-	-	830,734	(830,734)	-	-	-
Total Reclassifications	1,013,853	(1,013,853)	-	-	830,734	(830,734)	-	-	-
Total Support, Revenue and Reclassifications	1,266,751	(65,953)	-	1,200,798	882,270	(44,466)	837,804	(625,174)	1,413,428
EXPENSES									
Program services	1,314,276	-	-	1,314,276	856,354	-	856,354	(625,174)	1,545,456
Supporting activities:									
Management and general	197,160	-	-	197,160	70,779	-	70,779	-	267,939
Fund-raising	67,219	-	-	67,219	5,256	-	5,256	-	72,475
Total Expenses	1,578,655	-	-	1,578,655	932,389	-	932,389	(625,174)	1,885,870
Change in Net Assets before Currency Exchange	(311,904)	(65,953)	-	(377,857)	(50,119)	(44,466)	(94,585)	-	(472,442)
Currency exchange	-	-	-	-	3,604	-	3,604	-	3,604
Change in Net Assets after Currency Exchange	(311,904)	(65,953)	-	(377,857)	(46,515)	(44,466)	(90,981)	-	(468,838)
Net Assets, Beginning of Year	493,119	392,295	-	885,414	1,360,746	140,067	1,500,813	-	2,386,227
Net Assets, End of Year	\$ 181,215	\$ 326,342	\$ -	\$ 507,557	\$ 1,314,231	\$ 95,601	\$ 1,409,832	\$ -	\$ 1,917,389

See independent auditor's report and notes to consolidated financial statements

HEART TO HONDURAS, INC.

Consolidating Statement of Activities

For the Year Ended December 31, 2014

	Heart To Honduras			Corazon' Para Honduras			Eliminations	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Total		
SUPPORT AND REVENUE								
Contributions	\$ 953,232	\$ 1,097,503	\$ -	\$ 2,050,735	\$ 10,969	\$ 329,201	\$ 340,170	\$ 2,390,905
Grants from Heart To Honduras	-	-	-	-	-	744,940	744,940	(744,940)
Gifts-in-kind	119,959	-	-	119,959	553	-	553	-
Investment income	275	-	-	275	8	-	8	-
Loss on disposal of assets	-	-	-	-	(120)	-	(120)	-
Merchandise sales, net of cost of goods sold of \$23,784 U.S., \$2,318 HON	484	-	-	484	1,633	-	1,633	-
Other revenue	-	-	-	-	38,476	-	38,476	-
Total Support and Revenue	1,073,950	1,097,503	-	2,171,453	51,519	1,074,141	1,125,660	(744,940)
RECLASSIFICATIONS								
Net assets released for:								
Administration cost assessment	33,490	(33,490)	-	-	-	-	-	-
Satisfaction of purpose restrictions	1,115,329	(1,115,329)	-	-	1,011,163	(1,011,163)	-	-
Total Reclassifications	1,148,819	(1,148,819)	-	-	1,011,163	(1,011,163)	-	-
Total Support, Revenue and Reclassifications	2,222,769	(51,316)	-	2,171,453	1,062,682	62,978	1,125,660	(744,940)
EXPENSES								
Program services	1,290,569	-	-	1,290,569	972,486	-	972,486	(744,940)
Supporting activities:								
Management and general	228,364	-	-	228,364	71,374	-	71,374	-
Fund-raising	441,658	-	-	441,658	18,977	-	18,977	-
Total Expenses	1,960,591	-	-	1,960,591	1,062,837	-	1,062,837	(744,940)
Change in Net Assets before Currency Exchange	262,178	(51,316)	-	210,862	(155)	62,978	62,823	-
Currency exchange	-	-	-	-	(3,074)	-	(3,074)	-
Change in Net Assets after Currency Exchange	262,178	(51,316)	-	210,862	(3,229)	62,978	59,749	-
Net Assets, Beginning of Year	230,941	443,611	-	674,552	1,363,975	77,089	1,441,064	-
Net Assets, End of Year	\$ 493,119	\$ 392,295	\$ -	\$ 885,414	\$ 1,360,746	\$ 140,067	\$ 1,500,813	\$ -

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