

HEAL AFRICA USA

**REPORT ON AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

YEARS ENDED DECEMBER 31, 2014 AND 2013

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
HEAL Africa USA
Caledonia, Michigan

We have audited the accompanying financial statements of HEAL Africa USA (a non-profit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HEAL Africa USA as of December 31, 2014 and 2013, 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.

Bredeweg & Zylstra, PLC

Certified Public Accountants
Grand Rapids, Michigan

May 11, 2015

HEAL Africa USA

Statements of Financial Position

	December 31,	
	2014	2013
Assets:		
Current assets:		
Cash	\$ 1,237,808	\$ 1,374,432
Donations receivable (Note 2)	32,127	-
Total current assets	1,269,935	1,374,432
Property and equipment:		
Furniture and fixtures	3,122	1,922
Less accumulated depreciation	1,317	857
Net property and equipment	1,805	1,065
Total Assets	\$ 1,271,740	\$ 1,375,497
Net Assets:		
Net assets:		
Unrestricted	\$ 1,168,699	\$ 1,328,654
Temporarily restricted (Note 3)	103,041	46,843
Total Net Assets	\$ 1,271,740	\$ 1,375,497

See accompanying notes to financial statements.

HEAL Africa USA

Statements of Activities

Year ended December 31,

	2014			2013		
	Temporarily		Total	Temporarily		Total
	Unrestricted	Restricted		Unrestricted	Restricted	
Revenue and support:						
Contributions	\$ 87,279	\$ 252,937	\$ 340,216	\$ 73,184	\$ 180,932	\$ 254,116
Inherent contributions (Note 6)	9,652	45,831	55,483	-	-	-
In-kind contributions	-	98,424	98,424	-	-	-
Contributed services (Note 4)	20,126	-	20,126	-	-	-
Interest income	359	-	359	748	-	748
Other revenue	19	-	19	104	-	104
Loss on disposition of assets	-	-	-	(778)	-	(778)
Net assets released from restrictions	340,994	(340,994)	-	165,446	(165,446)	-
Total revenue and support	458,429	56,198	514,627	238,704	15,486	254,190
Expenses:						
Program services	502,660	-	502,660	398,735	-	398,735
Management and general	97,077	-	97,077	80,597	-	80,597
Fundraising	18,647	-	18,647	37,721	-	37,721
Total expenses	618,384	-	618,384	517,053	-	517,053
Change in net assets	(159,955)	56,198	(103,757)	(278,349)	15,486	(262,863)
Net Assets - beginning of year	1,328,654	46,843	1,375,497	1,607,003	31,357	1,638,360
Net Assets - end of year	\$1,168,699	\$ 103,041	\$1,271,740	\$1,328,654	\$ 46,843	\$1,375,497

See accompanying notes to financial statements.

HEAL Africa USA

Statements of Cash Flows

	Year ended December 31,	
	2014	2013
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Decrease in net assets	\$ (103,757)	\$ (262,863)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Contributed in-kind and service contributions	(118,550)	-
Distributed in-kind and service contributions	118,550	-
Depreciation	460	453
Loss on disposition of assets	-	778
Decrease (increase) in assets:		
Donation receivable	(32,127)	12,000
Employee receivable	-	611
Decrease in liabilities:		
Accrued payroll and payroll taxes	-	(17,440)
Net cash used in operating activities	(135,424)	(266,461)
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchase of furniture and equipment	(1,200)	-
Net decrease in cash	(136,624)	(266,461)
Cash - beginning of year	1,374,432	1,640,893
Cash - end of year	\$ 1,237,808	\$ 1,374,432

HEAL Africa USA

Notes to Financial Statements

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

Organization and Purpose

HEAL Africa USA (the Organization) is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code. It is a Christian organization focused on supporting health, education, community action and leadership development of the non-profit organization DOCS HEAL Afrique in Rwanda and the Democratic Republic of Congo. The Organization supports a variety of relative initiatives for other non-profit organizations operating in the Democratic Republic of Congo.

Basis of Financial Statement Presentation

The financial statements are presented in accordance with the Financial Accounting Standards Board ASC 958 (Not-for-Profit Entities). As such, the financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of December 31, 2014 and 2013, there were no permanently restricted assets.

The Organization reports gifts of property and equipment 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 as gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributions of donated noncash assets are recorded at their fair values in the period received.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash consists of demand deposits and money market accounts held at several financial institutions. Cash balances exceeded the federally insured limit of \$250,000 per financial institution during 2014 and 2013.

Property, Equipment and Depreciation

Property and equipment in excess of \$500 are stated at cost, except donated items which are recorded at fair market value at the date of gift. Expenditures for additions and improvements are capitalized; expenditures for repairs and maintenance are expensed as incurred. Depreciation is computed over the estimated useful lives of the assets, ranging from five to seven years, by the straight-line method.

HEAL Africa USA

Notes to Financial Statements

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (CONT.)

In-Kind Contributions

In-kind contributions include contributions of tangible and intangible personal property. Tangible in-kind contributions include items such as clothing, food, toiletries and equipment for use in the operations of the Organization. Intangible in-kind contributions include items such as advertising and other services that are not considered contributed services

Contributed Services

Contributions of services are recognized if the services received: a) create or enhance nonfinancial assets or b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased is not provided by donation. The Organization reports such contributions at their estimated fair value when received.

Additionally, a number of individuals volunteer their time for the Organization's program services and general operations. The contributed services are generally not specialized in nature, and are not reported as revenue and expenses in the accompanying financial statements. These services do not meet the criteria for recognition as donated services.

Income Tax Status

The Organization is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, HEAL Africa USA has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2014 and 2013.

Generally, the Organization's tax returns remain open for federal income tax examination for three years from the date of filing.

Concentrations of Credit Risk

The Organization receives a substantial amount of its revenue from various individuals, churches and organizations. A significant reduction in the level of this support, if it were to occur, may affect the Organization's programs and activities.

Subsequent Events

Management has evaluated events subsequent to the date of the statement of financial position through May 11, 2015, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through May 11, 2015 that would require adjustment or disclosure in the financial statements.

NOTE 2 – DONATIONS RECEIVABLE

Donations receivable consist of various donations pledged from various donors and a grant awarded by a corporation to the Organization. The Organization expects to utilize the grant within one year.

HEAL Africa USA

Notes to Financial Statements

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of time and purpose restricted funds in the amount of \$103,041 and \$46,843 at December 31, 2014 and 2013, respectively.

NOTE 4 – CONTRIBUTED SERVICES

The Organization recognized contribution revenue for contributed services for managerial and general purposes. Contribution revenue from services was measured based on fair value of those services. The amount recognized was for professional services in the amount of \$20,126 for the year ended December 31, 2014. There were no contributed services for the year ended December 31, 2013.

NOTE 5 – CASH FLOW INFORMATION

Distributed in-kind and service contributions include in-kind contributions allocable to specific program expense accounts.

NOTE 6 – ACQUISITION OF DOCTORS ON CALL FOR SERVICE FOUNDATION, INC.

On September 11, 2014, the Organization acquired Doctors on Call for Service Foundation, Inc. Doctors on Call for Service Foundation, Inc. is a not-for-profit entity that shares the Organization's mission of providing programs and services to improve the quality of life for communities in Africa.

The Organization did not transfer any consideration as part of the acquisition and recognized an inherent contribution received of \$55,483, consisting of \$45,831 of temporarily restricted net assets and \$9,652 of unrestricted net assets.

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

To the Board of Directors
HEAL Africa USA
Caledonia, Michigan

We have audited the financial statements of HEAL Africa USA (a non-profit corporation) as of and for the years ended December 31, 2014 and 2013, and have issued our report thereon dated May 11, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses are presented for the purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bredeweg & Zylstra, PLC

Certified Public Accountants
Grand Rapids, MI

May 11, 2015

HEAL Africa USA

Statement of Functional Expenses

Year ended December 31, 2014

	Program Services	Management & General	Fundraising	Total
Community based services	\$ 238,765	\$ -	\$ -	\$ 238,765
Equipment	98,424	-	-	98,424
Salaries and wages	39,975	37,445	7,500	84,920
Personnel support	53,979	-	-	53,979
Professional services	-	45,159	-	45,159
Medical assistance	31,129	-	-	31,129
Education and mentoring	23,200	-	-	23,200
Travel	13,168	1,132	-	14,300
Website maintenance	-	-	7,490	7,490
Payroll taxes	3,176	2,747	574	6,497
Bank fees	-	3,449	240	3,689
Office expenses	-	608	2,843	3,451
Employee benefits	-	1,828	-	1,828
Office supplies	-	1,498	-	1,498
Telephone	-	1,040	-	1,040
Meetings and conferences	-	905	-	905
Postage and delivery	-	629	-	629
Contract services	600	-	-	600
Depreciation	-	459	-	459
Meals and entertainment	244	153	-	397
Utilities	-	25	-	25
Total	\$ 502,660	\$ 97,077	\$ 18,647	\$ 618,384

HEAL Africa USA

Statement of Functional Expenses

Year ended December 31, 2013

	Program Services	Management & General	Fundraising	Total
Community based services	\$ 156,758	\$ -	\$ -	\$ 156,758
Salaries and wages	56,000	27,443	26,900	110,343
Personnel support	94,750	-	-	94,750
Medical assistance	62,776	-	-	62,776
Contract services	12,000	-	5,195	17,195
Professional services	-	13,971	-	13,971
Employee benefits	-	12,544	-	12,544
Equipment	10,000	-	-	10,000
Travel	2,167	6,654	-	8,821
Payroll taxes	4,284	2,099	2,058	8,441
Office expenses	-	4,524	584	5,108
Bank fees	-	4,306	240	4,546
Utilities	-	3,708	-	3,708
Telephone	-	1,693	735	2,428
Website maintenance	-	-	2,009	2,009
Postage and delivery	-	483	-	483
Depreciation	-	453	-	453
Meetings and conferences	-	317	-	317
Office supplies	-	232	-	232
Meals and entertainment	-	87	-	87
Miscellaneous	-	2,083	-	2,083
Total	\$ 398,735	\$ 80,597	\$ 37,721	\$ 517,053