

**HEAL AFRICA USA**

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

**YEAR ENDED DECEMBER 31, 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 statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2013, 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.



Certified Public Accountants  
Grand Rapids, Michigan

July 8, 2014

**HEAL Africa USA**  
Statement of Financial Position  
December 31, 2013

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**Assets:**

Current assets:		
Cash	\$	1,374,432
Total current assets		1,374,432

Property and equipment:		
Furniture and fixtures		1,922
Less accumulated depreciation		857
Net property and equipment		1,065

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**Total Assets** \$ 1,375,497

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**Net Assets:**

Net assets:		
Unrestricted	\$	1,328,654
Temporarily restricted (Note 2)		46,843
Total net assets		1,375,497

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**Total Net Assets** \$ 1,375,497

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**HEAL Africa USA**  
Statement of Activities  
Year ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Contributions	\$ 73,184	\$ 180,932	\$ 254,116
Interest Income	748	-	748
Other revenue	104	-	104
Loss on disposition of assets	(778)	-	(778)
Net assets released from restrictions	165,446	(165,446)	-
<b>Total revenue and support</b>	<b>238,704</b>	<b>15,486</b>	<b>254,190</b>
Expenses:			
Program services	398,735	-	398,735
Management and general	80,597	-	80,597
Fundraising	37,721	-	37,721
<b>Total expenses</b>	<b>517,053</b>	<b>-</b>	<b>517,053</b>
<b>Change in net assets</b>	<b>(278,349)</b>	<b>15,486</b>	<b>(262,863)</b>
Net Assets - beginning of year	1,607,003	31,357	1,638,360
<b>Net Assets - end of year</b>	<b>\$ 1,328,654</b>	<b>\$ 46,843</b>	<b>\$ 1,375,497</b>

See accompanying notes to financial statements.

**HEAL Africa USA**  
Statement of Cash Flows  
Year ended December 31, 2013

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*CASH FLOWS FROM OPERATING ACTIVITIES:*

Decrease in net assets	\$	(262,863)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation		453
Loss on disposition of assets		778
Decrease in assets:		
Donation receivable		12,000
Employee advances		611
Decrease in liabilities:		
Accrued payroll and payroll taxes		(17,440)
<hr/> Net cash used in operating activities		<hr/> (266,461)
Net decrease in cash		(266,461)
Cash - beginning of year		1,640,893
<hr/> Cash - end of year	\$	<hr/> <hr/> 1,374,432

# HEAL Africa USA

## Notes to Financial Statements

### NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

#### ***Organization and Purpose***

HEAL Africa USA 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 Democratic Republic of Congo. HEAL Africa USA 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, 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 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.)**

#### ***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 year ended December 31, 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.

### **NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of time and purpose restricted funds of \$46,843 at December 31, 2013.

### **NOTE 3 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the statement of financial position through July 8, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through July 8, 2014 that would require adjustment or disclosure in the financial statements.

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 year ended December 31, 2013, and have issued our report thereon dated July 8, 2014, 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 statement of functional expenses is presented for the purposes of additional analysis and is 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 audit 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

July 8, 2014

# 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
<b>Total</b>	<b>\$ 398,735</b>	<b>\$ 80,597</b>	<b>\$ 37,721</b>	<b>\$ 517,053</b>