

**The CRUDEM Foundation, Inc.**

**Financial Statements**

**December 31, 2011**

**(With Comparative Totals for December 31, 2010)**

**SOCHA & GRZELAK, P.C.**

Certified Public Accountants

The CRUDEM Foundation, Inc.

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# SOCHA & GRZELAK, P.C.

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Kenneth P. Socha, CPA  
Managing Director

Edward J. Grzelak, CPA

## Independent Auditor's Report

**The Board of Directors  
The CRUDEM Foundation, Inc.**

We have audited the accompanying statement of financial position of The CRUDEM Foundation, Inc. ("CRUDEM"), (a nonprofit organization) as of December 31, 2011, and the related statements of activities and net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from CRUDEM's 2010 financial statements and, in our report dated August 3, 2011 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The CRUDEM Foundation, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Socha & Grzelak, P.C.*

Springfield, Massachusetts  
July 13, 2012

The CRUDEM Foundation, Inc.  
 Statements of Financial Position  
 As of December 31, 2011  
 (With Comparative Totals for the Year Ended December 31, 2010)

	2011	2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 939,735	\$ 1,836,911
Unconditional Promises to Give	315,865	-
Investment Accounts	729,777	121,938
<b>Total Current Assets</b>	1,985,377	1,958,849
<b>Long-Term Unconditional Promises to Give</b>	152,656	-
<b>Total Assets</b>	\$ 2,138,033	\$ 1,958,849
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 45,830	\$ 10,121
<b>Total Liabilities</b>	45,830	10,121
<b>Net Assets</b>		
Unrestricted Net Assets	117,159	1,053,676
Temporarily Restricted Net Assets	1,965,044	885,052
Permanently Restricted Net Assets	10,000	10,000
<b>Total Net Assets</b>	2,092,203	1,948,728
<b>Total Liabilities and Net Assets</b>	\$ 2,138,033	\$ 1,958,849

See accompanying notes to the financial statements.

**The CRUDEM Foundation, Inc.**  
**Statements of Activities and Net Assets**  
**For The Year Ended December 31, 2011**  
**(With Comparative Totals for the Year Ended December 31, 2010)**

2011

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	2010 TOTAL
<b>SUPPORT AND REVENUES</b>					
Contributions	\$ 950,101	\$ 2,052,644	-	\$ 3,002,745	\$ 4,993,951
Special Event Income, net of related expenses of \$20,942	63,350	-	-	63,350	74,336
Investment Income	(42,656)	-	-	(42,656)	15,278
Other Income	1,858	-	-	1,858	198
Net Assets Released from Restriction	972,652	(972,652)	-	-	-
Total Support and Revenue	1,945,305	1,079,992	-	3,025,297	5,083,763
<b>PROGRAM EXPENSES</b>					
Hospital Expenses	2,096,794	-	-	2,096,794	2,891,614
Other Program Expenses	333,475	-	-	333,475	141,728
Total Program Expenses	2,430,269	-	-	2,430,269	3,033,342
<b>SUPPORTING SERVICES</b>					
Management and General Fundraising	189,944	-	-	189,944	239,402
	261,609	-	-	261,609	292,909
Total Supporting Services	451,553	-	-	451,553	532,311
Total Expenses	2,881,822	-	-	2,881,822	3,565,653
Change in Net Assets	(936,517)	1,079,992	-	143,475	1,518,110
<b>NET ASSETS</b>					
Beginning of Year	1,053,676	885,052	10,000	1,948,728	430,618
End of Year	\$ 117,159	\$ 1,965,044	\$ 10,000	\$ 2,092,203	\$ 1,948,728

See accompanying notes to the financial statements.

**The CRUDEM Foundation, Inc.**  
**Statements of Functional Expenses**  
**For the Year Ended December 31, 2011**  
**(With Comparative Totals for the Year Ended December 31, 2010)**

2011

	MANAGEMENT AND			FUND RAISING		2010	
	PROGRAM	GENERAL	\$	\$	TOTALS	TOTALS	TOTALS
Hospital Expenses	\$ 2,096,794	\$ -	\$ -	\$ -	2,096,794	\$	2,891,614
Salaries and Related Expenses	46,749	65,244	-	36,749	148,742	-	107,124
Professional Fees	184,170	38,401	-	119,864	342,435	-	345,441
Travel and Meetings	-	21,762	-	-	21,762	-	51,542
Printing and Copying	30,249	30,249	-	60,499	120,997	-	59,213
Office Expenses	30,317	31,451	-	44,497	106,265	-	81,878
Equipment and Maintenance	33,716	1,742	-	-	35,458	-	23,916
Insurance	3,124	-	-	-	3,124	-	4,925
Other	5,150	1,095	-	-	6,245	-	-
<b>Total Expenses</b>	<b>\$ 2,430,269</b>	<b>\$ 189,944</b>	<b>\$ -</b>	<b>\$ 261,609</b>	<b>\$ 2,881,822</b>	<b>\$</b>	<b>\$ 3,565,653</b>

See accompanying notes to the financial statements.

The CRUDEM Foundation, Inc.  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2011**  
**(With Comparative Totals for the Year Ended December 31, 2010)**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 143,475	\$ 1,518,110
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Realized and Unrealized (Gains) Losses	62,149	(11,049)
Donated Securities	(299,638)	(118,804)
Changes in Operating Assets and Liabilities		
Pledges Receivable	(468,521)	
Accounts Payable and Accrued Expenses	35,709	3,104
	(526,826)	1,391,361
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(605,109)	-
Sale of Investments	234,759	16,564
	(370,350)	16,564
Net Cash Provided by (Used in) Investing Activities	(370,350)	16,564
Net Change in Cash and Cash Equivalents	(897,176)	1,407,925
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of Year	1,836,911	428,986
End of Year	\$ 939,735	\$ 1,836,911

See accompanying notes to the financial statements.

## The CRUDEM Foundation, Inc.

### Notes to Financial Statements

#### 1. Nature of Activities

The CRUDEM Foundation, Inc. ("CRUDEM") is a not-for-profit organization established in 1993 in St. Louis, MO, now headquartered in Ludlow, MA. CRUDEM is an acronym for Center for Rural Development of Milot. Hôpital Sacré Coeur is the largest private Catholic hospital situated in Milot, Northern Haiti. In 1993, the Archbishop of Cap Haitien gave the CRUDEM Foundation, Inc. operating responsibility for Hôpital Sacré Coeur.

Hôpital Sacré Coeur provides desperately needed preventive, routine, and emergency primary and specialty care, surgery, full maternity care, child nutrition, dental, and community health services and is the largest public health services provider for the 225,000 people living in the region of northern Haiti regardless of religion, economic status, or disease state. The community health department reaches 150,000 people off-site with vaccinations, prenatal care, basic hygiene and nutrition training, HIV/AIDS, tuberculosis, malaria, and filariasis treatment.

On January 12, 2010 a devastating earthquake occurred, that leveled Port-au-Prince and much of the surrounding area. Hôpital Sacré Coeur was virtually untouched by the direct effects of the earthquake. That being the case, as well as, one of only a few hospitals that survived the earthquake, Hôpital Sacré Coeur became the destination of many of the more seriously injured through helicopter and ambulance evacuation. The hospital grew quickly from 64 beds to 420 beds. This most likely will be an ongoing situation for several years. As a result of this catastrophe and the U.S. Government allowing a deduction on the 2009 tax return for amounts donated to Haiti thought April 1, 2010, support, in the form of contributions, in the first five months of 2010 to the Organization was almost three times the amount of the whole year of 2009. Also, the Organization has spent almost three times the support normally allotted on a monthly basis.

#### 2. Summary of Significant Accounting Policies

##### *Basis of Presentation*

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, CRUDEM's net assets are classified as permanently restricted, temporarily restricted or unrestricted.

##### *Income Taxes*

CRUDEM is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.



**The CRUDEM Foundation, Inc.**

Notes to Financial Statements

**2. Summary of Significant Accounting Policies (continued)**

***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Cash and Cash Equivalents***

CRUDEM considers all highly liquid investments with a maturity of three months or less, at the time of purchase, to be cash equivalents.

***Investments***

Investments in marketable securities and all debt securities are reported at their fair values in the statements of financial position based upon quoted market prices. Unrealized gains and losses are included in the change in net assets in the statements of activities.

***Contributions***

Contributions are recorded in the statements of activities when unconditionally promised. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectable unconditional promises to give. The allowance is based on prior years experience and managements analysis of specific promises made. There is no allowance for 2011.

A substantial number of volunteers have contributed their time to CRUDEM's programs and supporting services and CRUDEM also received other contributed goods during 2011. None of these goods and services meets the requirements for financial statement recognition.

***Contributed Supplies and Equipment***

CRUDEM collects supplies and equipment as an agent for the hospital in Milot, Haiti. Since these supplies and equipment are passed to the hospital at the request of the donor, the value of the donated supplies and equipment is not included in the statements of activities. For the years ended December 31, 2010 and 2011, the total value of supplies and equipment was \$20,046,139 and \$2,991,161, respectively.

The CRUDEM Foundation, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (*continued*)

*Contributed Services*

CRUDEM recruits volunteer medical staff to help assist the Haitian medical staff provide both primary and specialty medical care. The value of the donated services by volunteer medical and non-medical staff is not included in these financial statements as those services are donated directly to the hospital in Haiti. For the years ended December 31, 2010 and 2011, the value for donated medical services totaled \$4,257,792 and \$3,071,452, respectively.

*Functional Expenses*

CRUDEM allocates its expenses on a functional basis among its program and supporting services. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based on estimates made by management.

3. Reclassifications

Certain items in the financial statements for 2010 have been reclassified to conform to the current year presentation. Such reclassification had no effect on change in net assets.

4. Concentration of Credit Risk

Financial instruments that potentially subject CRUDEM to concentrations of credit risk consist principally of cash and cash equivalents and investment accounts. At times, cash balances may be in excess of balances insured by the Federal Deposit Insurance Corporation. Uninsured amounts for 2010 and 2011 were \$1,451,660 and \$619,728, respectively.

5. Investments

Investment income for 2010 consists of \$12,083 of unrealized gains, \$1,034 realized loss, Investment Interest and dividends of \$351 and Bank interest of \$3,878. In 2011 the investment income consists of \$33,405 of unrealized losses, \$28,744 of realized losses. Investment Interest and dividends of \$18,034 and Bank interest of \$1,460.

Investments consist of the following at December 31, 2010:

	<u>Cost/Basis</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Equity securities	<u>\$ 111,248</u>	<u>\$ 121,938</u>	<u>\$ 121,938</u>

The CRUDEM Foundation, Inc.

Notes to Financial Statements

5. Investments (continued)

Investments consist of the following at December 31, 2011:

	<u>Cost/Basis</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Equity securities	<u>\$ 763,182</u>	<u>\$ 729,777</u>	<u>\$ 729,777</u>

Investment fees for the years ended December 31, 2010 and 2011 were \$60 and \$241, respectively.

6. Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2010 and 2011:

	<u>2010</u>	<u>2011</u>
Major repairs and capital improvements	\$ 670,051	\$ 1,665,456
Transportation	2,035	-
Maternity services	20	3,070
Earthquake Relief	10	742
Nursing Scholarships	5,523	22,045
JAX Ortho Team Travel	962	962
Lab Supplies	1,000	2,843
Presbyterian Physical Therapy Fund	20,000	20,000
Parish Community Center	72,558	4,226
Mission House	-	2,000
Palative Care	-	5,000
Nutrition Center	-	38,725
Mobile Clinic	-	81,000
Cataract surgery	-	800
NFP Program	-	25,000
Prosthetics Lab	112,893	93,176
	<u>\$ 885,052</u>	<u>\$ 1,965,044</u>

Permanently restricted net assets consist of the following at December 31, 2010 and 2011:

	<u>2010</u>	<u>2011</u>
Endowment	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The CRUDEM Foundation, Inc.

Notes to Financial Statements

6. Restricted Net Assets (continued)

Net assets released from restrictions and disbursed during the year ended December 31, 2010 and 2011 consist of the following:

	<u>2010</u>	<u>2011</u>
Major repairs and capital improvements	\$ 374,419	\$ 796,656
Land purchase	89,797	-
JAX Ortho Team Travel	538	-
Earthquake Relief	1,044,995	-
Transportation	13,736	2,035
Maternity services	6,020	-
Hospitality	2,489	-
Parish Community Center	107,542	68,332
Nursing scholarships	-	20,523
Nutrition Center	-	35,544
Prosthetics Lab	76,352	47,412
Mission House	-	150
Marketing and promotion	37,883	-
Lab supplies	9,600	2,000
School at Tibeau	5,000	-
Education - McGuinness Fund	1,710	-
Pediatricians and surgeons	7,500	-
	<u>\$ 1,777,581</u>	<u>\$ 972,652</u>

7. Subsequent Events

The Organization has performed an evaluation of subsequent events through July 13, 2012, which is the date the organization's financial statements were issued. No subsequent events have occurred since December 31, 2011 that required recognition or disclosure in these financial statements.

8. Promises to Give

Unconditional promises to give consist of temporarily restricted net assets for capital improvements. Management believes that all promises to give are collectable, therefore no allowance for uncollectable promises has been made.

The Organization has not adjusted to present value promises to give as required by generally accepted accounting principle, had the adjustment been made it would have reduced unconditional promises to give, contribution income, and temporarily restricted net assets by approximately \$4,580.

Amounts due in:

Less than one year	\$315,865
One to five years	<u>\$152,656</u>
	<u>\$468,521</u>