

The CRUDEM Foundation, Inc.

Financial Statements

December 31, 2012

(With Comparative Totals for December 31, 2011)

SOCHA & GRZELAK, P.C.

Certified Public Accountants

The CRUDEM Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The CRUDEM Foundation, Inc.

We have audited the accompanying financial statements of The CRUDEM Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, 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 The CRUDEM Foundation, Inc. as of December 31, 2012, 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.

Report on Summarized Comparative Information

We have previously audited the CRUDEM Foundation's 2011 financial statements, and our report dated July 13, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Springfield, Massachusetts
July 31, 2013 (except as to note 11, which is as of July 10, 2014)

The CRUDEM Foundation, Inc.
Statements of Financial Position
As of December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	2012	2011
ASSETS		
Current Assets		
Cash	\$ 866,219	\$ 939,735
Unconditional Promises to Give	51,075	315,865
Investment Accounts	-	729,777
	917,294	1,985,377
Long-term Unconditional Promises to Give	147,982	152,656
	\$ 1,065,276	\$ 2,138,033
	\$ 1,065,276	\$ 2,138,033
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 2,055	\$ 45,830
	2,055	45,830
Total Current Liabilities	2,055	45,830
Total Liabilities	2,055	45,830
Net Assets		
Unrestricted Net Assets:		
Corporate Member	1,052,803	-
Other	(413,708)	117,159
	639,095	117,159
Temporarily Restricted Net Assets	414,126	1,965,044
Permanently Restricted Net Assets	10,000	10,000
	1,063,221	2,092,203
Total Net Assets	1,063,221	2,092,203
Total Liabilities and Net Assets	\$ 1,065,276	\$ 2,138,033

See accompanying notes to the financial statements.

The CRUDEM Foundation, Inc.
Statements of Activities and Change in Net Assets
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	2012			2011		
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL	TOTAL
SUPPORT AND REVENUES						
Contributions	\$ 1,229,838	\$ 393,519	\$ -	\$ 1,623,357		\$ 3,002,745
Special Event Income, net of related expenses of \$14,070	84,164	-	-	84,164		63,350
Investment Income (Loss)	34,157	-	-	34,157		(42,656)
Other Income	-	-	-	-		1,858
Net Assets Released from Restrictions	1,944,437	(1,944,437)	-	-		-
Total Support and Revenues	3,292,596	(1,550,918)	-	1,741,678		3,025,297
PROGRAM EXPENSES						
Hospital Expenses	3,017,145	-	-	3,017,145		2,096,794
Other Program Expenses	283,947	-	-	283,947		333,475
Total Program Expenses	3,301,092	-	-	3,301,092		2,430,269
SUPPORTING SERVICES						
Management and General	252,685	-	-	252,685		189,944
Fundraising	269,686	-	-	269,686		261,609
Total Supporting Services	522,371	-	-	522,371		451,553
Total Expenses	3,823,463	-	-	3,823,463		2,881,822
Change in Net Assets	(530,867)	(1,550,918)	-	(2,081,785)		143,475
NET ASSETS						
Beginning of Year	117,159	1,965,044	10,000	2,092,203		1,948,728
Corporate Member Net Assets	1,052,803	-	-	1,052,803		-
End of Year	\$ 639,095	\$ 414,126	\$ 10,000	\$ 1,063,221		\$ 2,092,203

See accompanying notes to the financial statements.

The CRUDEM Foundation, Inc
Statements of Functional Expenses
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	2012			2011		
	PROGRAM	MANAGEMENT AND GENERAL	FUND RAISING	TOTALS	TOTALS	TOTALS
Hospital Expenses	\$ 3,017,145	\$ -	\$ -	\$ 3,017,145	\$ 2,096,794	\$ 2,096,794
Salaries and Related Expenses	53,246	74,312	41,856	169,414	148,742	148,742
Professional Fees	128,875	34,926	109,016	272,817	342,435	342,435
Travel and Meetings	-	69,099	-	69,099	21,762	21,762
Printing and Copying	27,014	27,014	54,028	108,056	120,997	120,997
Office Expenses	44,140	45,790	64,786	154,716	106,265	106,265
Equipment and Maintenance	27,260	1,408	-	28,668	35,458	35,458
Insurance	3,412	-	-	3,412	3,124	3,124
Other	-	136	-	136	6,245	6,245
Total Expenses	\$ 3,301,092	\$ 252,685	\$ 269,686	\$ 3,823,463	\$ 2,881,822	\$ 2,881,822

See accompanying notes to the financial statements.

The CRUDEM Foundation, Inc.
Statements of Cash Flows
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,081,785)	\$ 143,475
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Realized and Unrealized (Gains) Losses	(27,947)	62,149
Bad Debts	39,880	-
Donated Securities	(31,765)	(299,638)
Changes in Operating Assets and Liabilities		
Pedges Recievable	229,584	(468,521)
Accounts Payable and Accrued Expenses	(43,775)	35,709
Net Cash Provided by (Used in) Operating Activities	(1,915,808)	(526,826)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(763,923)	(605,109)
Sales of investments	1,553,412	234,759
Net Cash Provided by (Used in) Investing Activities	789,489	(370,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Unrestricted Net Assets Corporate Member	1,052,803	-
Net Cash Provided by Financing Activities	1,052,803	-
Net Change in Cash and Cash Equivalents	(73,516)	(897,176)
CASH AND CASH EQUIVALENTS		
Beginning of year	939,735	1,836,911
End of Year	\$ 866,219	\$ 939,735

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 corporation organized under the laws of the State of Missouri in 1993 and exempt from taxation under section 501 (c) (3) of the Internal Revenue Code. CRUDEM has offices in Teaneck , NJ and Ludlow, MA. CRUDEM is an acronym for the Center for the Rural Development of Milot. CRUDEM was established for the purpose of improving access to health care services for poor and medically underserved individuals through the solicitation, receipt, management and disbursement of contributions, donations, bequests and devises of funds and other property (real and personal) to hospitals serving the health care needs of such individuals worldwide, including without limitation, Hôpital Sacré Coeur located in Milot, Haiti ("HSC"), and to perform any other acts consistent with or in furtherance of the aforementioned. HSC is the largest private hospital in the Northern Department of Haiti. HSC is sponsored by the Archdiocese of Cap Haitian. In 1993, with the permission of the Archbishop of Cap-Haitien, CRUDEM began raising funds to support the operations of HSC.

HSC provides preventive, routine, emergency and specialty medical care, including general surgery, full maternity care, child nutrition, dental, and community health services. It is the largest public health services provider for the 225,000 people in the Milot area and serves all people regardless of religion, economic status, or disease state. HSC's 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 October 2, 2012 CRUDEM's articles of incorporation and bylaws were amended to name Holy Name Medical Center Foundation, Inc. ("HNMC Foundation") as the sole corporate member of the corporation. HNMC Foundation is a not for profit organization located in Teaneck, NJ that was organized for the purpose of raising funds for Holy Name Medical Center, Inc. ("Holy Name"). Holy Name is a not-for-profit acute care hospital that provides a full range of health care services to the residents of northeast New Jersey.

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 or 2012.

A substantial number of volunteers have contributed their time to CRUDEM's programs and supporting services and CRUDEM also received other contributed goods during 2012. 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, 2012 and 2011, the total value of supplies and equipment was \$934,848 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, 2012 and 2011, the value for donated medical services totaled \$1,780,000 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 2011 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 2012 and 2011 were \$102,622 and \$619,728, respectively.

5. Investments

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

The CRUDEM Foundation, Inc.

Notes to Financial Statements

5. Investments (continued)

Investment income for 2012 consists of \$27,947, realized and unrealized gains, investment interest and dividends of \$6,078 and bank interest of \$132. In 2011 the investment income consists of \$62,150 of realized and unrealized losses, investment interest and dividends of \$18,034 and bank interest of \$1,460.

Investments consist of the following at December 31, 2011:

	<u>Cost/Basis</u>	<u>Quoted Market Prices (Level 1)</u>	<u>Carrying Value</u>
Equity securities	<u>\$ 763,182</u>	<u>\$ 729,777</u>	<u>\$ 729,777</u>

Investments consist of the following at December 31, 2012:

	<u>Cost/Basis</u>	<u>Quoted Market Prices (Level 1)</u>	<u>Carrying Value</u>
Equity securities	<u>\$ 346,871</u>	<u>\$ 362,421</u>	<u>\$ 362,421</u>

Investment fees for the years ended December 31, 2012 and 2011 were \$0 and \$241, respectively.

6. Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Major repairs and capital improvements	\$ 271,718	\$ 1,665,456
Cardio Ultra Sound	6,000	-
Maternity services	-	3,070
Earthquake Relief	-	742
Nursing School/Scholarships	19,632	22,045
JAX Ortho Team Travel	-	962
Lab Supplies	1,575	2,843
Presbyterian Physical Therapy Fund	-	20,000
Parish Community Center	-	4,226
Mission House	-	2,000
Palative Care	5,000	5,000
Nutrition Center	-	38,725
Mobile Clinic	44,200	81,000
Medications	4,231	-
Club Foot Program	160	-
Cataract surgery	1,000	800
NFP Program	22,412	25,000
Prosthetics Lab	38,198	93,176
	<u>\$ 414,126</u>	<u>\$ 1,965,044</u>

The CRUDEM Foundation, Inc.

Notes to Financial Statements

6. Restricted Net Assets (continued)

Permanently restricted net assets consist of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Endowment	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Net assets released from restrictions and disbursed during the year ended December 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Major repairs and capital improvements	\$ 1,499,741	\$ 796,656
Presbyterian Physical Therapy Fund	20,000	-
Mobil Clinic Vans	92,730	-
NFP Program	4,588	-
Club Foot Program	1,100	-
Medications	108,732	-
JAX Ortho Team Travel	922	-
Earthquake Relief	2,742	-
Maternity services	3,070	-
Parish Community Center	4,226	68,332
Nursing School/Scholarships	36,714	20,523
Nutrition Center	38,726	35,544
Prosthetics Lab	111,228	47,412
Mission House	2,000	150
Lab supplies	5,418	2,000
School at Tibeau	5,000	-
Pediatricians and surgeons	7,500	-
	<u>\$ 1,944,437</u>	<u>\$ 972,652</u>

7. Subsequent Events

The Organization has performed an evaluation of subsequent events through April 20, 2013, which is the date the organization's financial statements were issued. No subsequent events have occurred since December 31, 2012 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 CRUDEM Foundation, Inc.

Notes to Financial Statements

8. Promises to Give (continued)

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 and \$4,440 for 2011 and 2012 respectively.

Amounts due in:

	<u>2011</u>	<u>2012</u>
Less than one year	\$315,865	\$ 51,075
One to five years	<u>152,656</u>	<u>147,982</u>
	<u>\$468,521</u>	<u>\$199,057</u>

9 Uncertain tax positions

The Organization has adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization's evaluation on December 31, 2012 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2009 through 2011 tax years remain subject to examination by the IRS. The Company does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

10 Due to Holy Name Foundation

This amount due to the Holy Name Medical Center Foundation, Inc., the sole corporate member, has advanced these funds to the Organization.

11 Restatement of Financial Statements

Subsequent to issuance of these financial statements, the Organization discovered an error in the reporting of Due to Holy Name Foundation and corporate unrestricted net assets and its expenses. These errors were corrected. Accordingly, the organization has restated its results for the year ended December 31, 2012.

The effect of the restatement on the change in net assets and financial position for the year ended December 31, 2012 was additionally \$1,125,236.

The CRUDEM Foundation, Inc.

Notes to Financial Statements

11 Restatement of Financial Statements (continued)

The correction had the following affects on the financial statements:

The statement of functional expenses and the statement of activities program expenses were as follows:

	<u>As Previously Reported</u>	<u>Restated</u>
Program Expenses:		
Hospital Expenses	\$ 3,050,951	\$ 3,017,145
Other Program Expenses	<u>322,574</u>	<u>283,947</u>
Total Expenses	<u>\$ 3,362,395</u>	<u>\$ 3,323,768</u>

The statement of activities and change of net assets were as follows:

	<u>As Previously Reported</u>	<u>Restated</u>
Program Expenses:		
Hospital Expenses	\$ 3,050,951	\$ 3,017,145
Other Program Expenses	<u>322,574</u>	<u>283,947</u>
Total Program Expenses	<u>\$ 3,362,395</u>	<u>\$ 3,323,768</u>
Change in Net Assets:	<u>(\$ 2,154,218)</u>	<u>(\$ 2,081,785)</u>
Corporate Member Net Assets	<u>\$ 0</u>	<u>\$ 1,052,803</u>

The statement of financial position were as follows:

	<u>As Previously Reported</u>	<u>Restated</u>
Unrestricted Net Assets:	<u>(\$ 486,141)</u>	<u>\$ 639,095</u>

The statement of cash flows were as follows:

	<u>As Previously Reported</u>	<u>Restated</u>
Change in Net Assets:	<u>(\$ 2,154,218)</u>	<u>(\$ 2,081,785)</u>

Reclassification:

At the end of 2012 the investment accounts investment consisted of money market positions and were determined to be cash or cash equivalents, because the investments have been sold shortly after received and place in a money market account and readily available.