

The CRUDEM Foundation, Inc.
Financial Statements
December 31, 2013
(With Comparative Totals for December 31, 2012)

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, 2013, 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, 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.

Report on Summarized Comparative Information

We have previously audited the CRUDEM Foundation's 2012 financial statements, and our report dated July 31, 2013, (as restated July 10, 2014) 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, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 11 of the financial statements, restated comparative totals, our opinion is not modified with respect to this matter.

Socha & Grzelak, P.C.

Springfield, Massachusetts
July 10, 2014

The CRUDEM Foundation, Inc.
Statements of Financial Position
As of December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	2013	2012
ASSETS		
Current Assets		
Cash	\$ 1,129,523	\$ 866,219
Accounts Receivable	52,056	-
Unconditional Promises to Give	5,000	51,075
Prepaid expenses	14,329	-
Total Current Assets	1,200,908	917,294
Long-term Unconditional Promises to Give	-	147,982
Total Assets	\$ 1,200,908	\$ 1,065,276
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 69,294	\$ 2,055
	69,294	2,055
Total Liabilities	69,294	2,055
 Net Assets		
Unrestricted Net Assets		
Corporate Member	3,689,504	1,052,803
Other	(3,239,024)	(413,708)
Total Unrestricted Net Assets	450,480	639,095
Temporarily Restricted Net Assets	671,134	414,126
Permanently Restricted Net Assets	10,000	10,000
Total Net Assets	1,131,614	1,063,221
Total Liabilities and Net Assets	\$ 1,200,908	\$ 1,065,276

See accompanying notes to the financial statements.

The CRUDEM Foundation, Inc.
Statements of Activities and Net Assets
For The Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	2013			2012
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT AND REVENUES				
Contributions	\$ 1,566,984	\$ 724,068	\$ -	\$ 2,291,052
Special Event Income, net of related expenses of \$20,494	66,560	-	-	66,560
Investment Income (Loss)	(53)	-	-	(53)
Other Income	-	-	-	-
Net Assets Released from Restriction	467,060	(467,060)	-	-
Total Support and Revenue	2,100,551	257,008	-	2,357,559
PROGRAM EXPENSES				
Hospital Expenses	3,696,580	-	-	3,696,580
Other Program Expenses	809,599	-	-	809,599
Total Program Expenses	4,506,179	-	-	4,506,179
SUPPORTING SERVICES				
Management and General Fundraising	112,344	-	-	112,344
	307,344	-	-	307,344
Total Supporting Services	419,688	-	-	419,688
Total Expenses	4,925,867	-	-	4,925,867
Change in Net Assets	(2,825,316)	257,008	-	(2,568,308)
NET ASSETS				
Beginning of Year	639,095	414,126	10,000	1,063,221
Corporate Member Net Assets	2,636,701	-	-	2,636,701
End of Year	\$ 450,480	\$ 671,134	\$ 10,000	\$ 1,131,614

See accompanying notes to the financial statements.

The CRUDEM Foundation, Inc.
Statements of Functional Expenses
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	2013		2012	
	PROGRAM	MANAGEMENT AND GENERAL	FUND RAISING	TOTALS
	PROGRAM	GENERAL	RAISING	TOTALS
Hospital Expenses	\$ 3,696,580	-	-	\$ 3,696,580
Salaries and Related Expenses	311,256	20,743	82,974	414,973
Professional Fees	218,115	19,624	198,106	435,845
Travel and Meetings	199,807	-	-	199,807
Printing and Copying	-	940	1,880	2,820
Office Expenses	54,421	57,359	24,384	136,164
Equipment and Maintenance	26,000	-	-	26,000
Insurance	-	13,678	-	13,678
Other	-	-	-	-
Total Expenses	\$ 4,506,179	\$ 112,344	\$ 307,344	\$ 4,925,867
				\$ 3,017,145
				169,414
				272,817
				69,099
				108,056
				154,716
				28,668
				3,412
				136

See accompanying notes to the financial statements.

The CRUDEM Foundation, Inc.
Statements of Cash Flows
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,568,308)	\$ (2,081,785)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Realized and Unrealized (Gains) Losses	121	(27,947)
Bad Debts	17,800	39,880
Donated Securities	(31,451)	(31,765)
Changes in Operating Assets and Liabilities		
Accounts Receivable	(52,056)	-
Prepaid expenses	(14,329)	-
Pledges Receivable	176,257	229,584
Accounts Payable and Accrued Expenses	67,239	(43,775)
	(2,404,727)	(1,915,808)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(763,923)
Sale of Investments	31,330	1,553,412
	31,330	789,489
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional Paid in Net Assets	2,636,701	1,052,803
	2,636,701	1,052,803
Net Change in Cash and Cash Equivalents	263,304	(73,516)
CASH AND CASH EQUIVALENTS		
Beginning of Year	866,219	939,735
End of Year	\$ 1,129,523	\$ 866,219

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-Haitian, 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. In 2013 the Investment accounts have been determined to be cash or cash equivalents because the investments have been sold shortly after received and placed in the money market account and readily available.

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 2012 or 2013.

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 and 2013. 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, the total value of supplies and equipment was \$934,848. There were no contributed supplies or equipment in 2013.

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 2013, the value for donated medical services totaled \$1,780,000 and \$1,551,357, 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. 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 2013 were \$102,622 and \$389,155, respectively.

4. 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.

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 2013 the investment income consists of \$121 of realized and unrealized losses, investment interest and dividends of \$68.

Investments (considered cash equivalent) consist of the following at December 31, 2013:

	<u>Cost/Basis</u>	<u>Quoted Market Prices (Level 1)</u>	<u>Carrying Value</u>
Equity securities	<u>\$ 12,083</u>	<u>\$ 11,171</u>	<u>\$ 11,171</u>

The CRUDEM Foundation, Inc.

Notes to Financial Statements

4. Investments (continued)

Investments (considered cash equivalent) 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>

There were no investment fees for the years ended December 31, 2012 and 2013.

5. Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2012 and 2013:

	<u>2012</u>	<u>2013</u>
Major repairs and capital improvements	\$ 271,718	\$ 11,694
Cardio Ultra Sound	6,000	5,112
Miscellaneous	-	9,460
Sr. Ann Projects	-	32,077
Nursing School/Scholarships	19,632	4,307
Ortho Surgeon	-	23,750
Lab Supplies	1,575	3,857
Gillis Project	-	11,230
Salaries	-	82,987
Mission House	-	19,072
Palative Care	5,000	-
Out Patient Clinic	-	388,736
Mobile Clinic	44,200	44,200
Medications	4,231	-
Club Foot Program	160	-
Cataract surgery	1,000	-
NFP Program	22,412	22,412
Prosthetics Lab	38,198	12,240
	<u>\$ 414,126</u>	<u>\$ 671,134</u>

Permanently restricted net assets consist of the following at December 31, 2012 and 2013:

	<u>2012</u>	<u>2013</u>
Endowment	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The CRUDEM Foundation, Inc.

Notes to Financial Statements

5. Restricted Net Assets (continued)

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

	<u>2012</u>	<u>2013</u>
Major repairs and capital improvements	\$ 1,499,741	\$ 355,303
Presbyterian Physical Therapy Fund	20,000	-
Mobil Clinic Vans	92,730	-
NFP Program	4,588	-
Club Foot Program	1,100	160
Medications	108,732	4,231
JAX Ortho Team Travel	922	-
Earthquake Relief	2,742	-
Maternity services	3,070	-
Sr. Anne Projects	-	30,438
Cardio Ultra Sound	-	888
Mission House	-	3,657
Palative Care	-	5,000
Cataract Surgery	-	1,000
Parish Community Center	4,226	-
Nursing School/Scholarships	36,714	17,325
Nutrition Center	38,726	-
Prosthetics Lab	111,228	48,858
Mission House	2,000	-
Lab supplies	5,418	200
School at Tibeau	5,000	-
Pediatricians and surgeons	7,500	-
	<u>\$ 1,944,437</u>	<u>\$ 467,060</u>

6. Reclassifications

Certain items in the financial statements for 2012 have been reclassified to conform to the current year presentation. Such reclassification had no effect on the change in net assets.

The most significant reclassifications are as follows:

- a. Corporate Member Equity has been reclassified from a none interest bearing Note Payable.
- b. The Investment accounts have been reclassified as cash equivalents, because the majority of the assets in the accounts are held in money market positions. The CRUDEM's policy is to liquidate all donated equities upon receipt.

The CRUDEM Foundation, Inc.

Notes to Financial Statements

7. Subsequent Events

The Organization has performed an evaluation of subsequent events through July 2, 2014, which is the date the organization's financial statements were issued. No subsequent events have occurred since December 31, 2013 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 \$0 and \$4,440 for 2013 and 2012 respectively.

Amounts due in:	<u>2013</u>	<u>2012</u>
Less than one year	\$ 5,000	\$ 51,075
One to five years	-	147,982
	<u>\$ 5,000</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, 2013 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2010 through 2012 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 Corporate Member Net Assets

This amount is from the Holy Name Medical Center Foundation, Inc., the sole corporate member, has advanced funds to the Organization so that it could continue to provide direct support to HSC in accordance with the mission.

The CRUDEM Foundation, Inc.

Notes to Financial Statements

11 Comparative Totals

The financial statements which the comparative totals for 2012 have been derived have been restated on July 10, 2014.

The financial statements have been restated for a correction of an error discovered during the current year and reclassifications of certain accounts.

The correction of the error reduced program expenses and Corporate Member Net Assets and increased other unrestricted net assets in the amount of \$72,433.

The reclassification of the adjusted (per above) Due From Holy Name Foundation to Corporate Member unrestricted net assets increased net assets and reduced liabilities by \$1,052,803.

The reclassification of investments to cash equivalents had no effect on net assets.