MAISON FORTUNÉ ORPHANAGE FOUNDATION

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Maison Fortuné Orphanage Foundation

Report on the Financial Statements
I have audited the accompanying financial statements of Maison Fortuné Orphanage Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Foundation'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 purposes of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Maison Fortuné Orphanage Foundation as of June 30, 2014, 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.

Clifford Accounting Services, LLC

Clifford Accounting Services, LLC
Quinton, VA
September 23, 2014

MAISON FORTUNÉ ORPHANAGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2014

Assets		
Cash and cash equivalents	$	87,743
Certificates of deposit		50,276
Contributions receivable		12,767
Investments – Board designated endowment		634,221
Prepaid expense		4,000
Total assets	$	789,007
Liabilities and net assets		
Accounts payable	$	7,294
Accrued liabilities		3,792
Total liabilities		11,086
Net assets:		
Unrestricted		719,061
Temporarily restricted		58,860
Total net assets		777,921
Total liabilities and net assets	$	789,007

The accompanying notes are an integral part of these financial statements.

MAISON FORTUNÉ ORPHANAGE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

	Unrestricted	*Temporarily Restricted*	*Total*
Public support and revenues			
Public Support:			
Direct contributions	$ 205,962	$ 60,963	$ 266,925
Combined Federal Campaigns	7,145	4,576	11,721
Grants	5,000	-	5,000
Total support	218,107	65,539	283,646
Revenues:			
Investment income	10,549	-	10,549
Interest earned	40	-	40
Unrealized net gain on investments	78,460	-	78,460
Total revenues	89,049	-	89,049
Total support and revenues	307,156	65,539	372,695
Net assets released from restrictions	88,055	(88,055)	-
Total support and revenues	395,211	(22,516)	372,695
Expenses			
Program expenses	(365,379)	-	(365,379)
Management and general	(15,969)	-	(15,969)
Fundraising	(11,573)	-	(11,573)
Total expenses	(392,921)	-	(392,921)
Change in net assets	2,290	(22,516)	(20,226)
Net assets, beginning of year	716,771	81,376	798,147
Net assets, end of year	$ 719,061	$ 58,860	$ 777,921

The accompanying notes are an integral part of these financial statements.

MAISON FORTUNÉ ORPHANAGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014

	Total Program Expense	Fundraising	Management and General	Total
Grants to Orphanage	$ 340,454	$ -	$ -	$ 340,454
Orphanage expenses paid directly by Foundation:				
Higher education	23,637	-	-	23,637
Container fees	973	-	-	973
Medicine and medical supplies	315	-	-	315
	365,379	-	-	365,379
General and administrative expenses				
Professional fees	-	-	13,772	13,772
Bad debt expense	-	-	271	271
Newsletter Printing	-	5,701	-	5,701
Newsletter Postage	-	2,353	-	2,353
Promotional	-	3,519	-	3,519
Office supplies	-	-	864	864
Wire fees	-	-	655	655
PayPal fees	-	-	382	382
Licenses	-	-	25	25
	-	11,573	15,969	27,542
Total expense	$ 365,379	$ 11,573	$ 15,969	$ 392,921

The accompanying notes are an integral part of these financial statements.

MAISON FORTUNÉ ORPHANAGE FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (20,226)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:	
Bad debt expense	271
Unrealized gain on investments	(78,460)
(Increase)/decrease in operating assets:	
Contributions receivable	2,305
Prepaid accounts	(3,500)
Increase/(decrease) in operating liabilities:	
Accounts payable	(6)
Accrued liabilities	1,964
Net cash provided by/(used in) Operating Activities	(97,652)
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase in certificate of deposit	(40,016)
Purchase of investments	(35,549)
Net cash provided by/(used in) Investing Activities	(75,565)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash provided by/(used in) Financing Activities	-
Net change in cash and cash equivalents	(173,217)
Cash and cash equivalents at beginning of year	260,960
Cash and cash equivalents at end of year	$ 87,743

The accompanying notes are an integral part of these financial statements.

MAISON FORTUNÉ ORPHANAGE FOUNDATION

Notes to Financial Statements
For the Year Ended June 30, 2014

1. Nature of Activities and Significant Accounting Policies

Maison Fortuné Orphanage Foundation (the Foundation) is a nonstock, nonprofit, Virginia corporation formed in December 2001 that provides financial support to Maison Fortuné Orphanage in Hinche, Haiti (the Orphanage). The Foundation is supported primarily through contributions and grants from various entities and individuals, including the Combined Federal Campaigns of communities throughout the United States. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

A summary of the Foundation's significant accounting policies follows:

Basis of accounting:

The Foundation prepares its financial statements using the accrual method of accounting. Accordingly, the financial statements include all of the Foundation's significant receivables and payables as of June 30, 2014.

Financial statement presentation:

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Foundation does not use fund accounting. Net assets and changes in net assets are reported based upon the existence or absence of restrictions on the use that is placed by its donors, as follows:

Unrestricted Net Assets: Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Foundation and its application of tax-exempt status.

Temporarily Restricted Net Assets: Temporarily restricted net assets are resources that are restricted by a donor for the use of a particular purpose or in a future period. When a donor's restriction is satisfied, the expiration is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently Restricted Net Assets: Permanently restricted net assets are resources that the donor has stipulated be held in perpetuity. There were no permanently restricted assets as of June 30, 2014.

Use of estimates in the preparation of financial statements:

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Foundation considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Receivables:

Contributions receivable are primarily unconditional promises to give by donors that are recognized as contributions when the promise is received. Contributions receivable also includes amounts due from Combined Federal Campaigns organizations. Management reviews pledges receivable to evaluate collectability annually. When a pledge is considered uncollectible, it is written off as a bad debt and included in management and general expenses. Management considers all contributions receivable to be collectible and, accordingly, has not provided an allowance for doubtful accounts.

Investments - Board designated endowment:

The Board of Directors has designated a portion of unrestricted net assets as a general endowment fund to support the mission of the Foundation. Since the amount results from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets. The Foundation records investments at fair market value based on quoted prices in active markets and investments are classified by management as "available for sale." Accordingly, realized gains and losses, if any, are determined on the basis of the actual cost of the securities sold. Unrealized gains and losses are presented as a single amount in the statement of activities and changes in net assets. The Foundation's investments have been combined into an investment pool in order to maximize investment return and minimize management costs. Revenues arising from ownership or disposition of pooled investments are allocated to the various participants in the pool based on their percentage of assets in the pool.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Recognition of revenue:

Contributions designated for individual programs with donor specifications for use during future periods are included in deferred revenue. Contributions designated for specific programs without a future time limitation are recorded as revenue when received. Contributions are recognized as income in the period in which they are received even though the related liabilities and expenses may be incurred over one or more

future periods. Proper application of this principle may cause the recognition of substantial income in one accounting period with little or no offsetting liability or expense while the opposite effect may occur in subsequent periods. Grants and other revenues that are considered to be exchange transactions are recognized as revenues in the periods in which they are considered to be earned.

Expense recognition and allocation:

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. If costs are common to multiple functions, the costs are allocated among the various functions benefited. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation's policy is to expense advertising as incurred.

Gifts in-kind:

The Foundation may periodically receive a contribution in a form other than cash. If the Foundation receives a contribution of equipment or materials, the contributed asset is recognized at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meets the Foundation's capitalization policy. If the donor stipulates how long the asset must be used, the contribution is recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Donated supplies are recorded as contributions at the date of the gift and expensed when the donated items are placed into service.

Donated services:

The Foundation benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services to the Foundation's program operations and in its fundraising campaigns. However, the contributed services do not meet the criteria for recognition in the financial statements. Generally accepted accounting principles allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

2. Contributions Receivable

Contributions receivable at June 30, 2014 due in less than one year totaled $12,767 and are recorded as unrestricted revenues. Due to the short term nature of the receivables, they have not been discounted and are recorded at net realizable value.

3. Investments-Board Designated Endowment

Investments consist of the following:

	Cost	Market	Unrealized Gain
Equities	$ 340,809	$ 431,270	$ 90,461
Fixed income and cash	160,381	202,951	42,570
	$ 501,190	$ 634,221	$ 133,031

A summary of return on investments consists of the following:

Interest and dividend income	$ 10,549
Net realized and unrealized gain/(loss)	78,460
	$ 89,009

The change in endowment net assets is as follows:

Endowment net assets, July 1, 2013	$ 520,212
Return on investments	89,009
Contributions	25,000
Endowment net assets, June 30, 2014	$ 634,221

Investments are exposed to various risks such as interest rate, market rate and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments could occur in the near term and that such change could materially affect the amounts reported.

4. Fair Value Measurement

The Foundation has certain assets and liabilities that are valued using a fair value hierarchy. The three levels of fair value hierarchy for recurring fair value measurements are prioritized based on the inputs to valuation techniques used to measure fair value and are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs that include quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable and can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment of estimation.

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation's investments are valued at the net asset value (NAV) of shares held by the Catholic Diocese of Richmond at year end and are allocated to the Foundation based on its ownership percentage. There has been no change in the methodology used from the prior year.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or be reflective of future fair values. Furthermore, although the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets:

	Level 1	Level 2	Level 3	Total
Equities	$ -	$ 431,270	$ -	$ 431,270
Fixed Income and Cash	-	202,951	-	202,951
Total assets	$ -	$ 634,221	$ -	$ 634,221

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions and grants for specific uses by the Orphanage as follows:

Higher education	$	25,340
Wellness		10,074
Nutritious food		3,000
Administrative payroll expenses		5,868
Dental equipment		5,000
Library		3,881
Solarization		3,350
Travel		1,627
Other		720
Total restricted by purpose		$58,860

The Foundation has not classified the cash from these donations as cash restricted for long term use due to the anticipated level of program activities and spending.

6. Intentions to Give

The Foundation has received indications of gifts in the form of bequests which are revocable during the donors' lifetime. Due to the uncertain nature of these intentions, the Foundation has not recognized an asset or contribution revenue for these gifts. The estimated total intentions to give approximated $200,000 at June 30, 2014.

7. Concentrations of Credit Risk

The Foundation is required to disclose significant concentrations of credit risk regardless of the degree of such risk. The Foundation places its cash and cash equivalents with high quality financial institutions. At certain times during the year, cash balances exceeded the insured amounts. The Foundation has not experienced any losses in such accounts. The Foundation's management believes it is not exposed to any significant credit risk on cash and cash equivalents as of June 30, 2014.

8. Related Parties

In 2014, a new U.S. 501(c)(3) organization was registered with the IRS as a non-profit organization to support the McKenna Technical Institute in Haiti. This new organization, Friends of the McKenna Technical Institute ("Friends of MTI"), operates with a separate board of directors and is expected to perform its own fund raising for the technical school. A director of the Foundation also serves on the board of Friends of MTI. During the year, the Foundation received funds and held those funds with the expectation of transferring them to this new organization. After finalizing existing commitments, the funds that passed through to Friends of MTI totaled approximately $118,107. This amount did not meet the accounting requirements for revenue and expense.

The Foundation generally reimburses its directors and officers for expenses paid on behalf of the Foundation. The Foundation retains documentation of all reimbursements.

9. Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income, if any, derived from unrelated business activities. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The Foundation is required to file income tax returns. Tax years before 2010 are no longer subject to federal or state income tax examinations. Management continually evaluates tax positions reflected in the Foundation's tax filings and does not believe any material uncertain tax positions exist.

10. Subsequent Events

The Foundation has evaluated subsequent events through September 23, 2014, which is the date these financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.