MAISON FORTUNÉ ORPHANAGE FOUNDATION

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2022

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CLIFFORD ACCOUNTING SERVICES, LLC 804-370-4275
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Maison Fortuné Orphanage Foundation

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Clifford Accounting Services, LLC

Clifford Accounting Services, LLC
Quinton, VA
October 11, 2022

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MAISON FORTUNÉ ORPHANAGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2022

Assets		
Cash and cash equivalents	$	14,799
Contributions receivable		1,308
Prepaid expenses		3,500
Investments, net of expenses (See Note 1-Board designated endowment)		129,002
Total assets	$	148,609
Liabilities and net assets		
Accounts payable	$	6,075
Accrued liabilities		662
Award payable		600
Total liabilities		7,337
Net assets:		
Without donor restrictions (See Note 6)		132,553
With donor restrictions (See Note 7)		8,719
Total net assets		141,272
Total liabilities and net assets	$	148,609

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

MAISON FORTUNÉ ORPHANAGE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Without Donor Restrictions	*With Donor Restrictions*	*Total*
Public support and revenues			
Direct contributions	$ 299,193	$ 44,955	$ 344,148
Interest earned	2	-	2
Investment income, net	2,084	-	2,084
Special events	13,970	-	13,970
Net realized/unrealized gain/(loss) on investments	(18,849)	-	(18,849)
Total support and revenues	296,400	44,955	341,355
Net assets released – Satisfaction from program restrictions	52,438	(52,438)	-
Total support and revenues	348,838	(7,483)	341,355
Expenses			
Program expenses	(349,319)	-	(349,319)
Management and general	(50,510)	-	(50,510)
Fundraising	(12,305)	-	(12,305)
Total expenses	(412,134)	-	(412,134)
Change in net assets	(63,296)	(7,483)	(70,779)
Net assets, beginning of year	195,849	16,202	212,051
Net assets, end of year	$ 132,553	$ 8,719	$ 141,272

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, 2022

	Program	Fundraising	Management and General	Total
Grants to Orphanage	$ 349,319	$ -	$ -	$ 349,319
General and administrative expenses				
Professional fees	-	5,760	10,325	16,085
Printing/Postage	-	2,878	126	3,004
Community sponsorship	-	400	-	400
Promotional	-	3,267	-	3,267
Office supplies	-	-	1,056	1,056
Travel	-	-	324	324
Bank fees	-	-	5,153	5,153
Salary and payroll taxes	-	-	33,310	33,310
Miscellaneous	-	-	216	216
Total expense	$ 349,319	$ 12,305	$ 50,510	$ 412,134

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(70,779)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Net realized/unrealized (gain)/loss on investments		18,849
(Increase)/decrease in operating assets:		
Contributions receivable		1,101
Prepaid and deferred costs		(2,515)
Investment, net of expenses		(2,084)
Increase/(decrease) in operating liabilities:		
Accounts payable and accruals		(714)
Deferred revenues		(880)
Net cash provided by/(used in) Operating Activities		(57,022)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from appropriated expenditures		55,000
Net cash provided by/(used in) Investing Activities		55,000
Net change in cash and cash equivalents		(2,022)
Cash and cash equivalents at beginning of year		16,821
Cash and cash equivalents at end of year	$	14,799
Supplemental information – Interest paid	$	-
Supplemental information – Donated assets	$	-

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

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, 2022.

Financial statement presentation:

The Foundation reports information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions. 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:

> Net assets without donor restrictions: These are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation and its application of tax-exempt status.
>
> Net assets with donor restrictions: These 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. This also includes resources that the donor has stipulated be held in perpetuity. There were no assets restricted for perpetuity as of June 30, 2022.

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. 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:

The Foundation records investments at fair market value based on quoted prices in active markets. 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. Cash held temporarily by the investment custodian for investment purposes is included as part of investments in the Statement of Financial Position.

Board designated endowment:

The endowment consists of investments purchased with the following resources:

- Unrestricted funds which the Board of Directors has designated as part of the general endowment fund.
- Gifts and contributions received over the years that the Foundation has designated as unrestricted funds functioning as endowment and invested with the endowment funds.

The endowment also includes unspent investment income and net gains, as well as investment expenses. The Board's spending and investment policies are discussed in Note 5.

Contributions:

Contributions received are recorded as support without donor restrictions and support with donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, the net assets are reclassified and reported in the statement of activities as net assets released from restrictions.

Recognition of 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. Special event revenue from tickets and sponsorships is reported in the fiscal year the event is held. As such, proceeds from special event revenues received in the year prior to the event will be recorded as deferred revenue.

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 on a reasonable basis that is consistently applied. Salary and benefits are allocated on the basis of time and effort studies. Fundraising costs are generally expensed as incurred, even though they may result in contributions received in future years. Cash advances from joint arrangements related to special event cost sharing activities prior to the year the event is held are shown in the Statement of Financial Position as a current liability.

Direct special event costs are reported in the fiscal year the event is held. Prepaid expenses relating to events not held by year end June 30, 2022 were $3,500.

The Foundation's policy is to expense advertising as incurred. Advertising expenses during the year ended June 30, 2022 were $2,878.

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, 2022 due in less than one year totaled $1,308 and represent unconditional promises. Due to the short term nature of the receivables, they have not been discounted and are recorded at net realizable value.

3. Investments

Investments, net of expenses, consist of the following as of June 30, 2022:

	Fair Value
Cash and cash alternatives	$ 5,613
Exchange traded funds	123,389
	$ 129,002

A summary of return on investment for the year ending June 30, 2022 consists of the following:

Interest and dividend income, net of expenses of $1,382	$ 2,084
Net realized/unrealized gains/(losses)	(18,849)
	$ (16,765)

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. There were no Level 3 transactions during the year.

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 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. There were no transfers between levels during the year.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Cash and cash alternatives	$ 5,613	$ -	$ -	$ 5,613
Exchange traded funds	123,389			123,389
Total	$ 129,002	$ -	$ -	$ 129,002

5. Accounting for Endowments

The Endowment fund consists of board designated funds, gifts and contributions received over the years that the Foundation has designated as endowment without donor restrictions. The earnings of the endowment funds support the mission of the Foundation. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions or the law.

The Foundation's Board of Directors has determined that the net assets of the Endowment fund do not meet the definition of endowment under the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation is governed subject to its Endowment Fund Management Policies and contributions are subject to the terms of the Policy. Under the terms of the Policy, the Foundation has the ability to set and change the corpus at its discretion and to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the Endowment fund is established, subject to the intent of the donor as expressed in any gift instrument. As such, those net assets have been classified as net assets without donor restrictions for financial statement purposes.

The Foundation has adopted investment and spending policies for endowment assets that attempt to maximize total return consistent with an acceptable level of risk and provide a predictable stream of funding for programs supported by the endowment. The Board of Directors considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The change in the net assets of the endowment is as follows:

Unrestricted Endowment net assets, July 1, 2021	$	200,767
Return on investments		(16,765)
Contributions		-
Appropriations for expenditures		(55,000)
Unrestricted Endowment net assets, June 30, 2022	$	129,002

6. Net Assets without Donor Restrictions

The Foundation's Board of Directors has standing board policies that impact the presentation of board-designated net assets. Bequests without donor restrictions are designated for long-term investment (quasi-endowment). However, the funds can be utilized for short-term cash flow needs. The quasi-endowment balance at June 30, 2022 was $129,002 and is included in Net Assets without Donor Restrictions within the Statement of Financial Position.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of contributions and grants for specific purposes by the Orphanage as of June 30, 2022 are as follows:

Christian Vet Mission	$	4,200
Higher Education		4,519
Total restricted by purpose	$	8,719

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.

8. Liquidity and Availability

The Foundation has approx. $136,390 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of $14,799, contributions receivable of $1,308, investments of $129,002 less the assets with donor restrictions of $8,719.

The financial assets are available to utilize within one year for general expenditure purposes. The Foundation has a goal of having financial assets on hand to meet at least 60 days of normal operating expenses. As part of its liquidity management, the Foundation structures its financial assets to be available as the general expenditures, liabilities and other obligations become due. The Foundation believes it has adequate liquidity should an unforeseen need arise.

9. 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 and believes it is not exposed to any significant credit risk on cash and cash equivalents as of June 30, 2022.

10. Grant and Award Payables

On September 26, 2020, the Foundation held a 757 Ball race which has an outstanding award payable for a round trip airfare and lodging to Maison Fortuné Orphanage in Haiti or the cash equivalent. The Foundation estimated a cost of $600 for this award.

11. 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 2017 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.

12. Subsequent Events

The Foundation has evaluated subsequent events through October 11, 2022 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.