



HEART TO HONDURAS, INC.

**CONSOLIDATED
FINANCIAL STATEMENTS**

December 31, 2016 and 2015

HEART TO HONDURAS, INC.

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Enhancing Trust

HEART TO HONDURAS, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Heart to Honduras, Inc.
Xenia, Ohio

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

I have reviewed the accompanying consolidated statements of financial position of Heart to Honduras, Inc. (a nonprofit corporation) and its subsidiary as of December 31, 2016 and the related consolidated statements of activities and cash flows for the year then ended. A review includes applying primarily analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The December 31, 2015 financial statements were audited by me and I expressed an unmodified opinion on them in my report dated November 28, 2016. I have not performed any auditing procedures since that date.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT, continued

Supplementary Data

My review of the consolidated financial statements as of and for the year ended December 31, 2016 was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary data provided on pages 13 and 14 is presented only for additional analysis purposes and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the inquiry and analytical procedures applied in the review of the consolidated financial statements, and I am not aware of any material modifications that should be made thereto.

My audit of the consolidated financial statements as of and for the year ended December 31, 2015 was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary data provided on pages 13 and 15 is presented only for additional analysis purposes and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Wyoming, Michigan
June 29, 2017

HEART TO HONDURAS, INC.

Consolidated Statements of Financial Position

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u> <u>(Audited)</u>
ASSETS		
Cash and cash equivalents	\$ 130,965	\$ 309,864
Contributions receivable	11,200	19,750
Prepaid expenses	-	7,594
Employee receivables	29	647
Inventory	492	824
Property held for sale	18,236	18,236
Property and equipment, net	<u>1,770,520</u>	<u>1,611,765</u>
Total Assets	<u>\$ 1,931,442</u>	<u>\$ 1,968,680</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,065	\$ 17,401
Accrued payroll taxes	7,595	7,543
Deferred revenue	3,588	437
Accrued severance pay	<u>24,630</u>	<u>25,910</u>
Total Liabilities	<u>36,878</u>	<u>51,291</u>
Net Assets		
Unrestricted		
Undesignated	(41,014)	(116,319)
Net investment in property and equipment	<u>1,770,520</u>	<u>1,611,765</u>
	1,729,506	1,495,446
Temporarily restricted	<u>165,058</u>	<u>421,943</u>
Total Net Assets	<u>1,894,564</u>	<u>1,917,389</u>
Total Liabilities and Net Assets	<u>\$ 1,931,442</u>	<u>\$ 1,968,680</u>

See accompanying notes to consolidated financial statements

HEART TO HONDURAS, INC.

Consolidated Statements of Activities

For the Years Ended December 31,

	2016			2015 (Audited)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 591,527	\$ 651,582	\$ 1,243,109	\$ 152,496	\$ 1,108,994	\$ 1,261,490
Gifts-in-kind	77,138	-	77,138	91,980	-	91,980
Investment income	1,882	-	1,882	1,759	-	1,759
Merchandise sales, net of cost of goods sold of \$6,853 and \$26,102 respectively	15,784	-	15,784	14,395	-	14,395
Other revenue	74,002	-	74,002	43,804	-	43,804
Total Support and Revenue	760,333	651,582	1,411,915	304,434	1,108,994	1,413,428
RECLASSIFICATIONS						
Net assets released for:						
Administration cost assessment	11,409	(11,409)	-	28,632	(28,632)	-
Satisfaction of purpose restrictions	897,058	(897,058)	-	1,190,781	(1,190,781)	-
Total Reclassifications	908,467	(908,467)	-	1,219,413	(1,219,413)	-
Total Support, Revenue and Reclassifications	1,668,800	(256,885)	1,411,915	1,523,847	(110,419)	1,413,428
EXPENSES						
Program services	1,139,590	-	1,139,590	1,545,456	-	1,545,456
Supporting activities:						
Management and general	227,123	-	227,123	267,939	-	267,939
Fund-raising	65,615	-	65,615	72,475	-	72,475
Total Expenses	1,432,328	-	1,432,328	1,885,870	-	1,885,870
Change in Net Assets before Currency Exchange	236,472	(256,885)	(20,413)	(362,023)	(110,419)	(472,442)
Currency exchange	(2,412)	-	(2,412)	3,604	-	3,604
Change in Net Assets after Currency Exchange	234,060	(256,885)	(22,825)	(358,419)	(110,419)	(468,838)
Net Assets, Beginning of Year	1,495,446	421,943	1,917,389	1,853,865	532,362	2,386,227
Net Assets, End of Year	\$ 1,729,506	\$ 165,058	\$ 1,894,564	\$ 1,495,446	\$ 421,943	\$ 1,917,389

See accompanying notes to consolidated financial statements

HEART TO HONDURAS, INC.

Consolidated Statements of Cash Flows

	For the Years Ended December 31,	
	2016	2015 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (22,825)	\$ (468,838)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Write-off of uncollectible employee receivables	400	362
Depreciation expense	78,471	62,770
Change in:		
Accounts receivable	-	1,159
Contributions receivable	8,550	439,840
Prepaid expenses	7,594	(4,479)
Inventory	332	4,188
Accounts payable	(16,336)	2,961
Accrued payroll taxes	52	(1,964)
Deferred revenue	3,151	151
Accrued severance pay	(1,280)	(10,717)
Net Cash Provided by Operating Activities	58,109	25,433
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(237,226)	(5,284)
Issuance of notes receivable	-	(56,665)
Collections on employee receivables	218	55,963
Net Cash Used by Investing Activities	(237,008)	(5,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	82,000	36,000
Payments on line of credit	(82,000)	(36,000)
Net Cash Provided by Financing Activities	-	-
Change in Cash and Cash Equivalents	(178,899)	19,447
Cash and Cash Equivalents, Beginning of Year	309,864	290,417
Cash and Cash Equivalents, End of Year	\$ 130,965	\$ 309,864
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 793	\$ 269

See accompanying notes to consolidated financial statements

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

1. NATURE OF ORGANIZATION

Heart to Honduras, Inc. (HTH) was incorporated as a Florida nonprofit religious corporation in July 1991. In 2001, HTH relocated its domestic operations to Xenia, Ohio. HTH is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (code) and is not a private foundation under Section 509(a)(2) of the code. HTH is supported primarily by contributions from churches and individuals. These financial statements include the assets, liabilities, net assets, revenue and expenses of Ministerio Corazon' Para Honduras Internacional (CPH), which operates as a non-governmental not-for-profit entity in Honduras. CPH reports to HTH's board of directors.

HTH is a holistic ministry, centered in Christ, resourced by passionate partners. With a vision to form disciples that will transform their world, Heart to Honduras partners with churches, educational and civic organizations, individuals and business to help the Honduran people realize their potential and to enable them to become agents of change in their communities. Heart to Honduras is equipping communities with sustainable models of work and development to provide clean water, secure housing, accessible medical care, a consistent food supply, adequate fair employment, as well as spiritual and educational opportunities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of HTH include the combined financial resources and activities of HTH and CPH, which HTH funds. All inter-organization balances and transactions have been eliminated in the consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

FUNCTIONAL CURRENCY AND GAIN (LOSS) ON CURRENCY EXCHANGE

Because the primary source of financing occurs in U.S. dollars and because the changes in the foreign operation assets directly affect the cash flows of the U.S. operations, the functional currency used is the U.S. dollar. All transactions in foreign currencies have been translated into U.S. dollars at average rates of exchange prevailing for the years ended December 31, 2016 and 2015 as applicable. These translations are reported as currency exchange on the statements of activities.

CASH AND CASH EQUIVALENTS

For purposes of these statements, HTH considers all checking, savings and money market accounts to be cash and cash equivalents. Accounts in United States banks are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. From time to time during the year, HTH may have cash in any of these accounts in excess of the federally insured limit. HTH has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

CASH AND CASH EQUIVALENTS, continued

HTH utilizes four accounts in a national bank in Honduras for funds deposited there, which totaled \$29,209 and \$55,695 at December 31, 2016 and 2015, respectively. Funds on deposit in Honduras banks are insured for up to 100,000 lempiras (or approximately \$4,300 and \$4,525 U.S. at December 31, 2016 and 2015, respectively) per each account.

At December 31, 2016 and 2015, the balance of temporarily restricted net assets exceeded the balance of cash and cash equivalents. However, HTH can borrow against its \$35,000 line of credit (Note 5) if such would be necessary to fulfill the purpose restrictions of temporarily restricted net assets.

Donated investments are recorded initially at fair value on the date of the gift and reported subsequently at fair value as of the report date. Fair value of donated marketable equity securities is based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Fair Value Measurements and Disclosure Topic of the Financial Accounting Standards Board Accounting Standards Codification.

Realized and unrealized gains and losses are reported in unrestricted income in the statements of activities unless a donor or law temporarily or permanently restricts their use. Realized gains and losses are determined using the specific identification method.

CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of two promises to give from various individuals at December 31, 2016 and December 31, 2015. Unconditional promises to give are recognized as income when made and reported at fair value based upon estimated future cash flows. Unconditional promises to give that are expected to be collected within one year are reported at net realizable value because the present value of the estimated value of the estimated cash flows approximates net realizable value. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are expected to be received. This discount rate is based on yields of U.S. treasury bills corresponding to the timing of the contributions receivable. Amortization of the discount is included in contributions revenue in the consolidated statements of activities. Because all promises to give are expected to be collected within one year, all are being reported at net realizable value.

Management believes all contributions receivable balances are fully collectible at December 31, 2016 and 2015; there is, therefore, no allowance for doubtful promises to give.

EMPLOYEE RECEIVABLES

Loans made to employees are approved by management. Employees must make monthly payments on these loans until fully paid. Upon termination of employment, management considers whether forgiveness of the unpaid balance is appropriate, given the circumstances. If not, arrangements for repayment are made with the former employee.

Outstanding loan balances are reviewed at year-end to determine their collectability. Those deemed to be uncollectible are written-off. Management thus believes all reported receivable balances are fully collectible and no provision for uncollectible accounts has been made.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

INVENTORY

Inventory, which consists primarily of coffee and logo merchandise, is valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

PROPERTY HELD FOR SALE

Property held for sale consists of the land and buildings of the former CPH headquarters in San Isidro, Honduras.

PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost or, if donated, at the fair value as of the date of the gift. HTH capitalizes purchases greater than \$1,000. Depreciation is recorded using the straight-line method over estimated useful lives of 3 to 40 years. Depreciation expense was \$78,471 and \$62,770 for the years ended December 31, 2016 and 2015, respectively.

DEFERRED REVENUE

Deferred revenue consists of deposits made to CPH for camp events occurring in the subsequent year.

ACCRUED SEVERANCE PAY

Accrued severance pay reflects amounts due to employees at December 31, 2016 and 2015 under Honduran employment regulations, which prescribe that eligible employees are entitled to one month of severance compensation for every year of employment up to a maximum of fifteen months' compensation. Several former employees have in the past resigned and received their respective severance pay amounts. Some of these individuals have then been rehired by HTH as contract workers.

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets as follows:

UNRESTRICTED NET ASSETS are those currently available for ministry purposes under the direction of the board of directors (undesignated net assets), those designated by the board for specific use and the resources invested in property and equipment.

TEMPORARILY RESTRICTED NET ASSETS are those contributed with donor stipulations for specific operating purposes or programs, those with time restrictions or those not currently available for use until commitments regarding their use have been fulfilled. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

PERMANENTLY RESTRICTED NET ASSETS are those subject to donor-imposed stipulations to be maintained permanently by an organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. To date, HTH has received no permanently restricted contributions.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

SUPPORT AND REVENUE

Contributions are recorded when cash is received, unconditional promises are made, and when ownership of donated assets is transferred to HTH. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to legal restrictions. An assessment for management and general, and fund-raising costs is applied against temporarily restricted and permanently restricted gifts. Bequests are reported as income at the time HTH has an established right to the bequest and the proceeds are measurable.

All other revenue is reported when earned.

CONTRIBUTED PROPERTY, EQUIPMENT, SUPPLIES AND SERVICES

HTH reports gifts of property, equipment and supplies as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. HTH reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The values of donated property, equipment and supplies are based upon their estimated fair values. In kind contributions of property, equipment and supplies having values of \$2,918 and \$8,700 have been reported as part of gifts-in-kind contributions in the consolidated statements of activities for the years ended December 31, 2016 and 2015, respectively. Also included in gifts-in-kind revenue is the estimated fair rental value of \$12,000 for both 2016 and 2015 for leased office space (Note 4).

A substantial number of unpaid health care professionals and short-term workers have made significant contributions of their time to HTH, principally in overseas medical services. HTH has also been provided with information technology services. These services have been reported as contributions based on the estimated fair value of the services performed. Donated services were reported as part of gifts-in-kind revenue and allocated to expenses in the amounts of \$62,220 and \$71,280 during 2016 and 2015, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred. The costs of providing the various program services and supporting activities of HTH have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities, based on the use of facilities, level of support effort or the relative benefit received by each of the programs and supporting ministries.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31, 2016		
	Headquarters	Honduras	Total
Land	\$ -	\$ 510,515	\$ 510,515
Land improvements	-	315,023	315,023
Buildings and leasehold improvements	347,318	1,060,555	1,407,873
Construction in progress	-	32,550	32,550
Furniture and equipment	29,101	76,777	105,878
Vehicles	-	191,038	191,038
	<u>376,419</u>	<u>2,186,458</u>	<u>2,562,877</u>
Accumulated depreciation	<u>(143,223)</u>	<u>(649,134)</u>	<u>(792,357)</u>
	<u>\$ 233,196</u>	<u>\$ 1,537,324</u>	<u>\$ 1,770,520</u>

	December 31, 2015		
	Headquarters	Honduras	Total
Land	\$ -	\$ 510,515	\$ 510,515
Land improvements	-	315,023	315,023
Buildings and leasehold improvements	347,318	823,330	1,170,648
Construction in progress	-	32,550	32,550
Furniture and equipment	29,101	76,777	105,878
Vehicles	-	191,038	191,038
	<u>376,419</u>	<u>1,949,233</u>	<u>2,325,652</u>
Accumulated depreciation	<u>(133,958)</u>	<u>(579,929)</u>	<u>(713,887)</u>
	<u>\$ 242,461</u>	<u>\$ 1,369,304</u>	<u>\$ 1,611,765</u>

Management has reviewed the assets in Honduras and, in its opinion, has determined they are under the control and ownership of HTH. While such items are recognized as assets of HTH, it should be noted that the political situation in many foreign countries is subject to rapid change. While HTH believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in Honduras. In addition, the carrying value of the assets in Honduras may not represent the amount that could be realized should the assets be sold.

Several of the buildings in Honduras have been built by donated labor and with donated materials. According to U.S. generally accepted accounting principles, these assets have been reported at their estimated fair values as of the dates they were placed in service.

4. LEASE AGREEMENTS

HTH leases a copier under a noncancelable operating lease agreement that expires in 2017 and required monthly payments of \$438 and \$414 in 2016 and 2015, respectively. Total rental expenses under this lease agreement during the years ended December 31, 2016 and 2015 were \$5,256 and \$4,970, respectively.

Future minimum rental payments required under this lease agreement total \$5,256, to be paid in 2017.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

4. LEASE AGREEMENTS, continued

HTH has a long-term lease for its headquarters facility in Xenia, Ohio. The lease is for 99 years at an annual cost of \$1. This lease meets the criteria for a bargain lease. Therefore, the estimated fair rental value has been reported as both gift-in-kind revenue and an administrative expense in the consolidated statements of activities. The estimated fair value of the leased property was \$12,000 for each of the years ended December 31, 2016 and 2015, respectively.

HTH sub-leases a portion of its headquarters to another not-for-profit organization. This sub-lease is on a year-to-year basis that expires on January 31 and requires monthly payments of \$1,325.

The carrying value of sub-leased property is as follows:

	December 31,	
	2016	2015
Leasehold improvements	\$ 66,515	\$ 66,515
Less: accumulated depreciation	(23,420)	(21,757)
	<u>\$ 43,095</u>	<u>\$ 44,758</u>

5. LINE OF CREDIT

HTH has a \$35,000 unsecured line of credit, which is due on demand and subject to annual review by the bank. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 4 percent (which equates to 4.75 percent and 4.50 percent at December 31, 2016 and 2015, respectively). HTH both borrowed and repaid a total of \$82,000 and \$62,000 during the years ended December 31, 2016 and December 31, 2015, respectively, on the line of credit.

HEART TO HONDURAS, INC.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consists of:

	December 31,	
	2016	2015
Brazos Abiertos	\$ 11,766	\$ 16,101
Community development	19,937	30,437
Education	18,998	22,396
Groups	19,134	30,587
Health care	5,787	4,677
Land development	815	815
Leadership development	3,844	1,094
Microeconomic heart fund	11,580	11,580
Ministries	16,674	45,775
Projects	4,904	2,499
Projects - groups	38,335	46,364
Sister churches	7,189	24,482
The Big Picture	4,206	182,678
Widows homes	1,889	2,458
	<u>\$ 165,058</u>	<u>\$ 421,943</u>

7. RETIREMENT PLAN

HTH provides retirement benefits to its full-time staff with ministerial credentials through a defined contribution plan administered by Servant Solutions, a retirement plan governed by the General Assembly of the Church of God. Amounts contributed are approved by the board of directors. Contributions to the plan during the years ended December 31, 2016 and 2015 were \$33,000 and \$23,400, respectively.

8. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these consolidated financial statements subsequent events and transactions occurring through June 29, 2017, the date these consolidated financial statements were available to be issued. No such significant events or transactions were identified.

SUPPLEMENTARY DATA

HEART TO HONDURAS, INC.

Consolidating Statements of Financial Position

December 31,

	2016				2015 (Audited)			
	Heart To Honduras	Corazon' Para Honduras	Eliminations	Total	Heart To Honduras	Corazon' Para Honduras	Eliminations	Total
ASSETS								
Cash and cash equivalents	\$ 101,756	\$ 29,209	\$ -	\$ 130,965	\$ 254,169	\$ 55,695	\$ -	\$ 309,864
Contributions receivable	11,200	-	-	11,200	19,750	-	-	19,750
Prepaid expenses	-	-	-	-	7,594	-	-	7,594
Employee receivables	-	29	-	29	-	647	-	647
Inventory	-	492	-	492	259	565	-	824
Property held for sale	-	18,236	-	18,236	-	18,236	-	18,236
Property and equipment, net	233,196	1,537,324	-	1,770,520	242,461	1,369,304	-	1,611,765
Total Assets	\$ 346,152	\$ 1,585,290	\$ -	\$ 1,931,442	\$ 524,233	\$ 1,444,447	\$ -	\$ 1,968,680
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable	\$ 447	\$ 618	\$ -	\$ 1,065	\$ 9,406	\$ 7,995	\$ -	\$ 17,401
Accrued payroll taxes	7,209	386	-	7,595	7,270	273	-	7,543
Deferred revenue	-	3,588	-	3,588	-	437	-	437
Accrued severance pay	-	24,630	-	24,630	-	25,910	-	25,910
Total Liabilities	7,656	29,222	-	36,878	16,676	34,615	-	51,291
Net Assets								
Unrestricted								
Undesignated	14,097	(55,111)	-	(41,014)	(61,246)	(55,073)	-	(116,319)
Net investment in property and equipment	233,196	1,537,324	-	1,770,520	242,461	1,369,304	-	1,611,765
	247,293	1,482,213	-	1,729,506	181,215	1,314,231	-	1,495,446
Temporarily restricted	91,203	73,855	-	165,058	326,342	95,601	-	421,943
Total Net Assets	338,496	1,556,068	-	1,894,564	507,557	1,409,832	-	1,917,389
Total Liabilities and Net Assets	\$ 346,152	\$ 1,585,290	\$ -	\$ 1,931,442	\$ 524,233	\$ 1,444,447	\$ -	\$ 1,968,680

See independent auditor's report and notes to consolidated financial statements

HEART TO HONDURAS, INC.

Consolidating Statement of Activities

For the Year Ended December 31, 2016

	Heart To Honduras			Corazon' Para Honduras			Eliminations	Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
SUPPORT AND REVENUE								
Contributions	\$ 587,724	\$ 381,080	\$ 968,804	\$ 3,803	\$ 270,502	\$ 274,305	\$ -	\$ 1,243,109
Grants from Heart To Honduras	-	-	-	-	480,050	480,050	(480,050)	-
Gifts-in-kind	77,138	-	77,138	-	-	-	-	77,138
Investment income	825	-	825	1,057	-	1,057	-	1,882
Merchandise sales, net of cost of goods sold of \$5,088 U.S., \$1,765 HON	14,575	-	14,575	1,209	-	1,209	-	15,784
Other revenue	-	-	-	74,002	-	74,002	-	74,002
Total Support and Revenue	680,262	381,080	1,061,342	80,071	750,552	830,623	(480,050)	1,411,915
RECLASSIFICATIONS								
Net assets released for:								
Administration cost assessment	11,409	(11,409)	-	-	-	-	-	-
Satisfaction of purpose restrictions	604,810	(604,810)	-	772,298	(772,298)	-	-	-
Total Reclassifications	616,219	(616,219)	-	772,298	(772,298)	-	-	-
Total Support, Revenue and Reclassifications	1,296,481	(235,139)	1,061,342	852,369	(21,746)	830,623	(480,050)	1,411,915
EXPENSES								
Program services	987,879	-	987,879	631,761	-	631,761	(480,050)	1,139,590
Supporting activities:								
Management and general	181,789	-	181,789	45,334	-	45,334	-	227,123
Fund-raising	60,735	-	60,735	4,880	-	4,880	-	65,615
Total Expenses	1,230,403	-	1,230,403	681,975	-	681,975	(480,050)	1,432,328
Change in Net Assets before Currency Exchange	66,078	(235,139)	(169,061)	170,394	(21,746)	148,648	-	(20,413)
Currency exchange	-	-	-	(2,412)	-	(2,412)	-	(2,412)
Change in Net Assets after Currency Exchange	66,078	(235,139)	(169,061)	167,982	(21,746)	146,236	-	(22,825)
Net Assets, Beginning of Year	181,215	326,342	507,557	1,314,231	95,601	1,409,832	-	1,917,389
Net Assets, End of Year	\$ 247,293	\$ 91,203	\$ 338,496	\$ 1,482,213	\$ 73,855	\$ 1,556,068	\$ -	\$ 1,894,564

See independent auditor's report and notes to consolidated financial statements

HEART TO HONDURAS, INC.

Consolidating Statement of Activities

For the Year Ended December 31, 2015 (Audited)

	Heart To Honduras			Corazon' Para Honduras			Eliminations	Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
SUPPORT AND REVENUE								
Contributions	\$ 148,360	\$ 947,900	\$ 1,096,260	\$ 4,136	\$ 161,094	\$ 165,230	\$ -	\$ 1,261,490
Grants from Heart To Honduras	-	-	-	-	625,174	625,174	(625,174)	-
Gifts-in-kind	91,980	-	91,980	-	-	-	-	91,980
Investment income	29	-	29	1,730	-	1,730	-	1,759
Merchandise sales, net of cost of goods sold of \$23,784 U.S., \$2,318 HON	12,529	-	12,529	1,866	-	1,866	-	14,395
Other revenue	-	-	-	43,804	-	43,804	-	43,804
Total Support and Revenue	252,898	947,900	1,200,798	51,536	786,268	837,804	(625,174)	1,413,428
RECLASSIFICATIONS								
Net assets released for:								
Administration cost assessment	28,632	(28,632)	-	-	-	-	-	-
Satisfaction of purpose restrictions	985,221	(985,221)	-	830,734	(830,734)	-	-	-
Total Reclassifications	1,013,853	(1,013,853)	-	830,734	(830,734)	-	-	-
Total Support, Revenue and Reclassifications	1,266,751	(65,953)	1,200,798	882,270	(44,466)	837,804	(625,174)	1,413,428
EXPENSES								
Program services	1,314,276	-	1,314,276	856,354	-	856,354	(625,174)	1,545,456
Supporting activities:								
Management and general	197,160	-	197,160	70,779	-	70,779	-	267,939
Fund-raising	67,219	-	67,219	5,256	-	5,256	-	72,475
Total Expenses	1,578,655	-	1,578,655	932,389	-	932,389	(625,174)	1,885,870
Change in Net Assets before Currency Exchange	(311,904)	(65,953)	(377,857)	(50,119)	(44,466)	(94,585)	-	(472,442)
Currency exchange	-	-	-	3,604	-	3,604	-	3,604
Change in Net Assets after Currency Exchange	(311,904)	(65,953)	(377,857)	(46,515)	(44,466)	(90,981)	-	(468,838)
Net Assets, Beginning of Year	493,119	392,295	885,414	1,360,746	140,067	1,500,813	-	2,386,227
Net Assets, End of Year	\$ 181,215	\$ 326,342	\$ 507,557	\$ 1,314,231	\$ 95,601	\$ 1,409,832	\$ -	\$ 1,917,389

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