J/P HAITIAN RELIEF ORGANIZATION

(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

J/P HAITIAN RELIEF ORGANIZATION
(A NONPROFIT ORGANIZATION)
CONTENTS
December 31, 2011

SingerLewak LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
J/P Haitian Relief Organization
Los Angeles, California

We have audited the accompanying statement of financial position of J/P Haitian Relief Organization (a nonprofit organization) (the "Organization") as of December 31, 2011, and the related statements of activities and cash flows for the period then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Singer Lewak LLP

SingerLewak LLP

Los Angeles, California
November 14, 2012

J/P HAITIAN RELIEF ORGANIZATION

(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
December 31, 2011

ASSETS

Assets		
Cash and cash equivalents	$	2,173,056
Accounts receivable		346,360
Prepaid expenses and other assets		142,925
Total current assets		2,662,341
Property and equipment, net		878,575
Total assets	**$**	**3,540,916**

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	$	565,294
Accrued wages and payroll taxes		158,296
Accrued expenses		96,630
Deferred revenue		277,308
Total liabilities		1,097,528
Commitments (Note 6)		
Net assets		
Unrestricted		993,214
Temporarily restricted		1,450,174
Total net assets		2,443,388
Total liabilities and net assets	**$**	**3,540,916**

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

J/P HAITIAN RELIEF ORGANIZATION

(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contributed goods and services	$ 804,888	$ -	$ 804,888
Grants and contributions	3,892,062	6,088,184	9,980,246
Net assets released from restrictions	4,638,010	(4,638,010)	-
Total revenue and support	9,334,960	1,450,174	10,785,134
Functional expenses			
Program services	8,499,150	-	8,499,150
General and administrative	1,117,914	-	1,117,914
Fundraising	335,298	-	335,298
Total expenses	9,952,362	-	9,952,362
Change in net assets	(617,402)	1,450,174	832,772
Net assets, beginning of period	1,610,616	-	1,610,616
Net assets, end of period	**$ 993,214**	**$ 1,450,174**	**$ 2,443,388**

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

J/P HAITIAN RELIEF ORGANIZATION

(A NONPROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011

	Program Services	General and Administrative	Fundraising	Total
Personnel expenses				
Personnel costs	$ 3,132,814	$ 483,567	$ 123,718	$ 3,740,099
Payroll taxes	119,420	47,816	11,173	178,409
Employee and volunteer benefits	62,433	-	-	62,433
Total personnel expenses	3,314,667	531,383	134,891	3,980,941
Other expenses				
Bank fees	24,131	10,451	12,528	47,110
Contract services	469,287	8,720	-	478,007
Depreciation	277,088	1,353	1,661	280,102
Equipment rental	1,941,745	-	-	1,941,745
Fuel and utilities	311,633	-	-	311,633
Insurance	119,398	4,549	-	123,947
License fees and custom duties	25,708	235	-	25,943
Medical supplies	535,245	-	-	535,245
Materials and supplies	303,198	-	-	303,198
Office supplies	194,315	9,518	3,097	206,930
Printing and copying	25,914	-	2,482	28,396
Professional services	43,335	391,889	128,420	563,644
Relocation stipends, retrofit, repair and other grants to beneficiaries	473,497	-	-	473,497
Rent expense	124,843	66,052	27,435	218,330
Repairs and maintenance	142,520	-	-	142,520
Shipping and postage	21,271	1,262	2,375	24,908
Telephone and communication	35,068	10,310	845	46,223
Travel	28,506	81,487	16,404	126,397
Other expenses	87,781	705	5,160	93,646
Total other expenses	5,184,483	586,531	200,407	5,971,421
Total functional expenses	**$ 8,499,150**	**$ 1,117,914**	**$ 335,298**	**$ 9,952,362**

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

J/P HAITIAN RELIEF ORGANIZATION

(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011

Cash flows from operating activities	
Change in net assets	$ 832,772
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Donation of in-kind equipment	(27,567)
Depreciation expense	280,102
(Increase) in	
Accounts receivable	(130,150)
Prepaid expenses and other assets	(34,199)
Increase in	
Accounts payable	231,137
Accrued wages and payroll taxes	158,296
Accrued expenses	96,630
Deferred revenue	277,308
Net cash provided by operating activities	1,684,329
Cash flows from investing activities	
Purchase of property and equipment	(245,717)
Net cash used in investing activities	(245,717)
Net increase in cash	1,438,612
Cash, beginning of period	734,444
Cash, end of period	**$ 2,173,056**

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

NOTE 1 – GENERAL

Organization

J/P Haitian Relief Organization (the "Organization") is a nonprofit organization which was founded on January 19, 2010 immediately after a 7.0 magnitude earthquake devastated Haiti. The Organization's mission is to save lives and bring sustainable programs to Haitian people quickly and effectively. The Organization is dedicated to responding to the needs of Haitian people, and its programs includes internally displaced person camp management and relocation of camp residents to permanent housing, community livelihood programs through its community center, education of K–6 children, medical services through its medical clinics, rubble removal and redevelopment of neighborhoods.

Funding

The Organization raises funds primarily through contributions from foundations, corporations and individual donors and grants from other nongovernmental organizations and foundations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with standards generally accepted in the United States of America. This includes a statement of financial position that presents the amounts for each of the three classes of net assets: unrestricted, temporarily restricted and permanently restricted. These net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets: Unrestricted net assets are comprised of assets that are for operating purposes or assets that are not subject to donor-imposed restrictions and are general in nature.

Temporarily Restricted Net Assets: Temporarily restricted net assets are those assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets: Permanently restricted net assets are those assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the investment return on these assets for unrestricted purposes. As of December 31, 2011, the Organization had no permanently restricted net assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Pledges

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period in which the condition is met. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the restriction, usually when the funds are spent.

In-kind Contributions

In-kind contributions are recorded at their estimated fair market value at the time services are pledged or rendered or goods are received. They include donations of medical supplies, materials used in connection with operations of the Organization, fixed assets, office space, travel services and cell phones. During the year ended December 31, 2011 the Organization received donated medical supplies of $484,918, materials and office supplies of $172,875, fixed assets of $27,567, office space of $59,000 and various other in-kind donations of $60,528.

Cash and Cash Equivalents

The Organization defines a cash equivalent as any investment with an original maturity of three months or less.

Property and Equipment

Property and equipment are stated at cost or, for those assets acquired by gift or bequest, the estimated fair market value at the date of contribution. The Organization follows the policy of capitalizing expenditures that increase asset lives and expensing ordinary maintenance and repairs as incurred. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Temporary structures	3 years
Leasehold improvements	Shorter of estimated useful life or remaining lease period
Vehicles	5 years
Furniture and equipment	5 years
Computer and office equipment	2–3 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-lived Assets

The Organization accounts for its long-lived assets with definite useful lives in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 360, "Accounting for the Impairment or Disposal of Long-lived Assets." Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. The Organization determined that none of its long-lived assets were impaired during the year ended December 31, 2011.

Inventories

Donated inventories consist of pharmaceuticals and various disposable medical supplies and are recorded at the average wholesale price at the date of contribution. As of December 31, 2011, all such items had been disbursed.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Expenditures not directly chargeable to a program are charged to supporting services.

Income Taxes

The Organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, the Organization is classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. Accordingly, a provision for Federal or state income taxes has not been made in the accompanying financial statements.

The Organization also applies the provisions of FASB ASC Topic No. 740, "Accounting for Uncertainty in Income Taxes" ("ASC 740"). ASC 740 clarifies for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statements No. 109, "Accounting for Income Taxes," and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. In accordance with ASC 740, the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. The Organization has determined that the adoption of ASC 740 did not result in the recognition of any liability for unrecognized tax benefits.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
The Organization's income tax returns are subject to examination for the period since January 19, 2010 (inception) with regards to the positions taken and results reported.

Use of Estimates
The preparation of financial statements 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.

Estimated Fair Value of Financial Instruments
As defined in FASB ASC Topic No. 820, "Fair Value Measurements" ("ASC 820"), fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price).

ASC 820 requires enhanced disclosures about financial instruments that are measured and reported at fair value. ASC 820 establishes a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring fair value. Market price observability is impacted by a number of factors, including the type of instrument, the characteristics specific to the instrument and the state of the marketplace (including the existence and transparency of transactions between market participants). Instruments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date.

Level 2 – Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date but are other than quoted prices as in Level 1. Fair value is determined through observable trading activity reported at net asset value or through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant judgment or estimation by the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Fair Value of Financial Instruments (Continued)
In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

Cash are financial instruments that are classified within Level 1, because these accounts were valued primarily using quoted market prices utilizing market-observable inputs. The carrying values of accounts receivable, prepaid expenses and other assets, accounts payable and accrued expenses approximate fair values due to the short maturity of these instruments.

Concentrations of Credit Risk
Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash and accounts receivable. The Organization places its cash and cash equivalents with high-credit, quality financial institutions. These account balances usually exceed amounts insured by the Federal Deposit Insurance Corporation (the "FDIC"). From December 31, 2010 through December 2012, all non-interest-bearing transaction accounts are fully insured, regardless of the balance of the account and the ownership capacity of the funds. For funds held in other types of deposit accounts, the FDIC will insure up to $250,000 under the FDIC's general deposit insurance rules. However, the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Because the Organization receives grants and contributions from a few large organizations, a significant percentage of revenues relate to a small number of organizations. For the year ended December 31, 2011, three organizations accounted for 38% of total revenues. As of December 31, 2011, two organizations accounted for 88% of accounts receivable.

The Organization operates in Haiti, a foreign country, which does not have a history of a stable government or economy. To the extent negative events occur in these countries, the Organization may not be able to recover its assets or remove its cash from these countries. The Organization has $894,711 in Haitian cash accounts and $1,216,507 in fixed assets located in Haiti as of December 31, 2011.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs," to converge the guidance in US GAAP and International Financial Reporting Standards ("IFRSs"). The amended guidance changes several aspects of the fair value measurement guidance in ASC 820. In addition, the amended guidance includes several new fair value disclosure requirements, including, among other things, information about valuation techniques and unobservable inputs used in Level 3 fair value measurements and a narrative description of Level 3 measurements' sensitivity to changes in unobservable inputs. For nonpublic entities, the amended guidance must be applied prospectively for annual periods beginning after December 15, 2011. The Organization is in the process of assessing the effect that the guidance will have on its financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2011:

Temporary structures	$ 378,263
Leasehold improvements	59,166
Vehicles	522,650
Furniture and medical equipment	215,170
Computer and office equipment	57,636
	1,232,885
Less accumulated depreciation	354,310
Property and equipment, net	**$ 878,575**

Depreciation expense for the year ended December 31, 2011 amounted to $280,102.

NOTE 4 – DEFERRED REVENUE

Certain grants are considered exchange transactions where the agreements require the Organization to perform certain services in exchange for grant funds. For these grants, the Organization recognizes revenue based on actual services rendered as of the statement of financial position date in accordance with the terms of the agreements. If a grantor funds the project in advance of actual services, the Organization records the advance as deferred revenue. If the Organization has provided services under a grant agreement but has not billed the grantor, the Organization records an unbilled receivable. At December 31, 2011, the Organization recorded deferred revenue of $277,308 under one grant agreement, and an unbilled receivable of $229,163 related to another grant.

NOTE 5 – NET ASSETS

Temporarily Restricted

Temporarily restricted net assets at December 31, 2011 were restricted by donors for specific programs of the Organization. The programs are as follows:

	Available December 31, 2010	New Revenues	New Expenditures	Balance at December 31, 2011
Rubble removal	$ -	$ 3,232,631	$(3,232,631)	$ -
Camp management and relocation		936,304	(864,169)	72,135
Housing, relocation and community activities	-	1,024,901	(241,927)	782,974
Medical program		400,000	(38,414)	361,586
Community livelihood and education	-	410,848	(177,369)	233,479
Purchases of capital equipment	-	83,500	(83,500)	-
Total temporarily restricted net assets	**$ -**	**$ 6,088,184**	**$(4,638,010)**	**$ 1,450,174**

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization entered into various rental lease agreements during the year for both housing and office space. The total rental expense was $218,330 for the year ended December 31, 2011.

NOTE 6 – COMMITMENTS (Continued)

Operating Leases (Continued)
Future minimum payments under these leases are as follows:

Years Ending December 31,	
2012	$ 87,189
2013	30,000
Total	**$ 117,189**

Litigation
The Organization, from time to time, is involved in certain legal matters that arise in the normal course of business. Management believes, based in part on the advice of counsel, that the resolution of such matters will not have a material adverse effect on the financial position of the Organization.

Standby Letter of Credit
In October 2011, the Organization entered into a standby letter of credit arrangement with a bank in order to secure an advance payment from one of its grantors. The letter of credit was secured by the Organization's deposit with the bank for the same amount. The arrangement expired at the end of May 2012 without ever being withdrawn by the grantor.

NOTE 7 – RELATED PARTIES

During the year ended December 31, 2011, the Organization received a total of $1,587,250 in contributions from members of the Organization's board of directors and management.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 14, 2012, which is the date the financial statements were available to be issued. The following events have occurred during this period that requires disclosure in the financial statements:

In August 2012, the board of directors approved a loan of up to $1 million to Foundation for the New Haiti, dba "Haiti Rising" ("Haiti Rising"), another 501(c)(3) organization. Haiti Rising was established for the purpose of organizing and holding a major concert event to raise funds for redevelopment of Haiti. Although the board members of Haiti Rising consist of three officers of the Organization at its inception, it is expected that the board member composition will change and thus that Haiti Rising will be an independent organization from J/P Haitian Relief Organization when it becomes fully operational. As of the date of this audit report, the Organization has advanced $320,000 to Haiti Rising.