

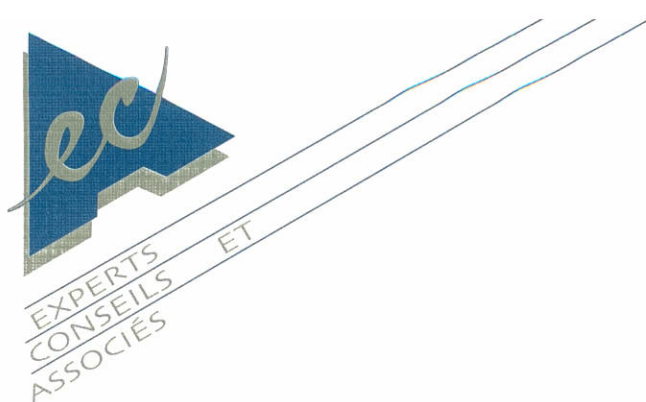
GHESKIO CENTERS

FINANCIAL STATEMENTS

As of September 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Dr. Jean William Pape
Executive Director
GHESKIO Centers
Port-au-Prince, Haiti

Dr. Pape:

We have audited the accompanying financial statements of GHESKIO CENTERS, which include the statement of financial position as of September 30, 2018, the related statement of activities and changes in net assets, and the statement of functional expenditures for the year ended September 30, 2018.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to GHESKIO CENTERS' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GHESKIO CENTERS' internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for restriction

The auditing standards generally accepted in the United States of America (US GAAP) require the presentation of a statement of cash flows and comparative figures. The accompanying financial statements of GHESKIO CENTERS do not comply with these requirements, as it is the first report of the institution's financial statements.

Our opinion, with regard to the fairness of the net assets at the beginning of the year, extend only to the amounts related to the following programs: CDC PEPFAR, CTU and ACTG, listed in Note 12, which have been audited by us respectively as of September 30, 2018 and as of November 30, 2018.

The accounting books and records of GHESKIO CENTERS were not properly maintained to account for the own funds of the institution. We were unable to confirm the completeness of the financial information of the own funds with regards to assets, liabilities, revenues and expenses.

Opinion

In our opinion, except for the restrictions described in the precedent paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of GHESKIO Centers as of September 30, 2018 and the changes in its net assets and functional expenses for the year ended September 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

Experts Conseils et Associés
Chartered Accountants
Pétion-Ville, April 27, 2020



GHESKIO CENTERS**STATEMENT OF FINANCIAL POSITION****As of September 30, 2018****(Expressed in US Dollars)**

	<u>Notes</u>	<u>September 30, 2018</u>
ASSETS		
Current Assets		
Cash and banks	5	\$ 1,544,377
Investment	6	145,310
Receivables	7	143,933
Outstanding advances	8	<u>131,187</u>
Total Current Assets		<u>1,964,807</u>
Properties, net of depreciation	9	6,762,283
Equipment, Vehicles and Improvement	10	<u>-</u>
TOTAL ASSETS		<u>\$ 8,727,090</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payables	11	<u>\$ 602,266</u>
Total Current Liabilities		<u>602,266</u>
Net Assets		
Unrestricted - Net Assets		4,616,015
Temporarily restricted - Net Assets		<u>3,508,809</u>
Total Net Assets	12	<u>8,124,824</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 8,727,090</u>

The accompanying notes are an integral part of these financial statements

GHEKIO CENTERS**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****For the year ended September 30, 2018****(Expressed in US Dollars)**

		September 30, 2018		
	Notes	Temporarily Restricted	Unrestricted	Total
Revenues				
Contributions	12	\$ 15,848,553	\$ -	\$ 15,848,553
Other income (expenses)	4	-	121,564	121,564
	12	15,848,553	121,564	15,970,117
Amounts released from restrictions	12	(15,521,755)	15,521,755	-
Total revenues		<u>326,798</u>	<u>15,643,319</u>	<u>15,970,117</u>
Expenses				
Programs:				
Clinical Services		-	114,719	114,719
Training		-	7,655,640	7,655,640
Research		-	4,050,515	4,050,515
Sub total		-	11,820,874	11,820,874
Management and general services		-	4,227,435	4,227,435
Total Expenses		-	<u>16,048,310</u>	<u>16,048,310</u>
Increase (Decrease) in net assets		<u>326,798</u>	<u>(404,990)</u>	<u>(78,192)</u>
Net Assets, at beginning of the year		3,122,322	5,041,005	8,163,327
Translation adjustment	3	59,689	(20,000)	39,689
Net Assets, at the end of the year	12	<u><u>\$ 3,508,809</u></u>	<u><u>\$ 4,616,015</u></u>	<u><u>\$ 8,124,824</u></u>

The accompanying notes are integral part of the financial Statements

GHESKIO CENTERS**STATEMENT OF FUNCTIONAL EXPENDITURES****For the year ended September 30, 2018****(Expressed in US Dollars)**

	Program Services	Management and General Services	Total
Technical and Administrative staff	\$ 4,777,000	1,524,664	\$ 6,301,664
Consultants	92,649	29,257	121,906
Contractual costs	214,317	67,679	281,996
Equipments	152,524	-	152,524
Training	123,398	38,968	162,366
Support	394,118	124,458	518,576
Building Insurance	9,655	3,049	12,704
Cohort recruitment and retention	5,532	1,747	7,279
Laboratory supplies	747,626	236,093	983,719
Medication	59,571	18,812	78,383
Office supplies	343,902	108,601	452,503
Travel and supervision	82,382	67,068	149,450
Security	54,704	17,275	71,979
Supervision costs	4,470	1,412	5,882
Rent	30,658	9,681	40,339
Management fees	119,819	37,837	157,656
Fuel	209,432	66,136	275,568
Communication	76,618	24,195	100,813
Maintenance and repairs	371,838	117,423	489,261
Bank fees	31,525	10,678	42,203
Transportation	116,738	36,865	153,603
Specimen Shipment	10,433	3,294	13,727
Shipment	39,726	12,545	52,271
Community activities	169,803	53,622	223,425
Nutritional vitamins	79,134	24,990	104,124
Hospital fees	4,352	1,374	5,726
GHESKIO Sites	81,050	25,595	106,645
Other sites	2,385,277	753,246	3,138,523
Depreciation	-	429,197	429,197
Other costs	588,066	241,288	829,354
Renovations	444,558	140,387	584,945
	\$ 11,820,874	\$ 4,227,436	\$ 16,048,310

The accompanying notes are an integral part of these financial statements

GHESKIO CENTERS

NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2018

1. BACKGROUND

GHESKIO (Groupe Haitien d'Étude du Sarcome de Kaposi et des Infections Opportunistes) is a Haitian non-governmental organization has been for nearly four (4) decades at the center of all efforts for the prevention and treatment of HIV and related infections in Haiti. With an outstanding clinical and laboratory team in collaboration with the Ministry of Health and other partners, all strategies implemented at the two (2) main sites are expanded to other collaborating sites through the development of guidelines and training adapted to each specific site. There are two GHESKIO sites: **GHESKIO-INLR** located in southern Port-au-Prince and **GHESKIO-IMIS** located in northern Port-au-Prince. Both sites serve as national referral centers for HIV care. GHESKIO's aim is to 1) Provide a high quality package of HIV testing, TB screening, care, treatment services, prevent adolescent and adult PLHIVs on ARV from becoming lost to follow-up, which will lead to high rates of viral suppression, in a stigma-free, discrimination free environment"; 2) Contribute to the nationwide laboratory infrastructure by providing viral load and early infant diagnosis services; 3) Strengthen activities to reduce GBV through increased access to evidence-based, age-appropriate HIV and GBV prevention services and promote risk avoidance for adolescent girls and young women in accordance with DREAMS guidance and standards. Despite significant decrease in international funds, GHESKIO is committed to continue improving performance and working towards ending the AIDS epidemic in Haiti.

GHESKIO's 3-part mission consists of clinical care, training, and operational research. In 2010, GHESKIO expanded its vision and anchored its global health interventions post-earthquake in the densely-populated slums surrounding its facilities in downtown Port-au-Prince. GHESKIO has defined global health as encompassing health, nutrition, employment, micro credit programs, education, sanitation, and housing.

The interventions include medical, social, educational, public health, and economic development approaches that made services accessible and affordable and addressed barriers that make residents' lives untenable. Through these strategies, GHESKIO addressed homelessness, violence, and health needs and contributing to the development of models for the nationwide improvement in their quality of life. Such interventions cannot all be addressed by a single group but GHESKIO has acted as a catalyst. It is proposed to take the models and lessons learned by GHESKIO in its surrounding slums to work with the people of other slums on a comprehensive approach to creating a sense of pride and optimism in their respective community.

1.1 CLINICAL CARE

Since its creation on May 2, 1982, GHESKIO has been providing free, uninterrupted care to patients with Kaposi Sarcoma (KS) and opportunistic infections (OI) as they presented with KS, OI, or both. This was before the word AIDS was coined to describe this new disease.

In 1985, GHESKIO opened the first Voluntary Counseling and Testing center in Haiti. As the link between HIV/AIDS, sexually transmitted infections, tuberculosis, and overall reproductive health became clear, GHESKIO developed a model of comprehensive care for HIV/AIDS and related illnesses. Central to the GHESKIO model is the concept that an individual at risk or already infected with HIV should be quickly identified and provided access to a package of services that include voluntary counseling and testing, management of sexually transmitted infections, tuberculosis screening and treatment, reproductive health services, HIV care including antiretroviral therapy, and services to prevent mother-to-child transmission of HIV.

GHESKIO receives over 260,000 patient visits annually. The population served by the two main centers consists of Haiti's extreme poor and includes those at highest risk for communicable diseases; thus, health care provided by GHESKIO is free of charge, including services and medications. GHESKIO has become one of the largest care centers for AIDS and tuberculosis in the Americas. With its national network of 27 centers, both private and public, GHESKIO provides lifesaving antiretroviral therapy to over one-third of all patients in Haiti. GHESKIO has evolved overtime and now offers the following services:

HIV Testing, Counselling, And Treatment

GHESKIO's initial work defined the etiology of severe diarrhea and dehydration in Haitian infants. GHESKIO introduced oral rehydration therapy, which resulted in a decrease in the hospital infant mortality rate from 40% to <1% within two years. Nationwide expansion of the GHESKIO program resulted in a 50% decrease in infant mortality in Haiti by the mid-1990s. The studies of diarrhea in infants led to similar studies in adults and the recognition of AIDS in Haiti.

GHESKIO opened the first HIV Voluntary Counseling and Testing (VCT) Center in Haiti in 1985. The number of people seeking HIV testing at GHESKIO has continued to increase, reaching more than 175,000 in 2017. A GHESKIO–Ministry of Health project successfully reduced the rate of transmission of HIV from pregnant mother to child from 30% to <4% in 2009. As HIV care and prevention services have expanded, HIV prevalence has decreased from 6.2% (1993) to 2.2% (2012), and is currently estimated to be even lower.

GHESKIO works with the Haitian Government to implement its prevention and care model to a network of more than 27 hospitals and healthcare centers throughout the country. GHESKIO provides training, supervision, administrative support, financial oversight, and continuing quality control for all HIV and TB clinical services provided at

these sites. Haiti has reached near-universal ART coverage, with 95,447 patients receiving ART (February 2017); 29% of whom are being treated in the GHESKIO Network.

Tuberculosis testing and treatment

GHESKIO has been providing TB testing and treatment since its inception. Tuberculosis is a major cause of morbidity and mortality worldwide, according to the World Health Organization, only 6.3 million new cases of TB were reported in 2016 compared with the estimated incidence of 10.4 million. In the region, Haiti has the highest TB incidence and prevalence (194 per 100,000 population and 254 per 100,000, respectively).

After the earthquake in 2010, about 1.5 million people lost their homes and were moved to camps for internally displaced persons. An estimated 3,000 TB patients stopped receiving medication and dispersed to crowded refugee camps. It was subsequently found that TB incidence in Port-au-Prince doubled, with an outbreak of multidrug-resistant TB (MDR-TB). This is likely a result of higher case detection as well as an increased burden of disease.

In response, GHESKIO opened a 100-bed TB tent field hospital in May 2010 and increased TB treatment capacity from 600 to 1,800 patients per year. In 2012, GHESKIO documented a rate of 768 TB cases per 100,000 individuals in the neighboring ‘City of God’.

Currently, GHESKIO is the largest TB center in Haiti and diagnoses approximately 3,000 patients per year, and treats up to 50 MDR-TB patients. In addition to testing and treatment, GHESKIO has carried out extensive research on TB over the past three decades, of which the findings have been published in prominent medical journals.

Chronic Disease studies and treatment

Cardiovascular disease (CVD) is now the leading cause of mortality in Haitian adults. Cardiovascular diseases, including myocardial infarction, heart failure, stroke, and cardiac death, are the leading cause of adult mortality in Haiti, but little is known about disease onset, time course, and risk factors such as hypertension and harmful diet.

Preliminary data suggest that hypertension is the single most important CVD risk factor in Haiti and may be driven by poverty-related social and environmental determinants. However, the prevalence, incidence, major risk factors, and social and environmental determinants are unknown. Longitudinal cohort studies are urgently needed to address these knowledge gaps to develop interventions to prevent CVD and improve health outcomes of Haitians in both Haiti and in the U.S.

Maternal child health

GHESKIO focuses on the most vulnerable populations, including women, adolescents, and children, all of whom are particularly vulnerable to HIV disease.

GHESKIO has the largest pediatric AIDS clinic in the Americas and provides multiple services to mothers and their infants. GHESKIO treats HIV-positive children from 0–10 years of age in need of antiretroviral therapy and has served about 1,000 children and infants since 2003. GHESKIO also treats approximately 200 cases of childhood TB (including MDR-TB) annually.

GHESKIO's Mother's Program supports the clinical and psychosocial needs of pregnant women and new mothers. 'Mothers Clubs' meet monthly so that women can learn skills for safe and appropriate prenatal care, receive education on optimal infant nutrition, and access opportunities to share experiences and build a support network. Life-skills training focused on empowerment and self-confidence builds self-esteem and enables women to improve their health and their lives. Since implementing the Mothers Clubs and providing antiretroviral therapy prophylaxis, the transmission of HIV from mother to child at GHESKIO has decreased from 30% to ~4% and instances of infant malnutrition have been cut by up to 50%, resulting in healthy and thriving children. Since 2010, GHESKIO has served more than 3,600 mother-infant pairs.

Cholera Treatment

The first report of clinical cholera in Haiti occurred on October 19, 2010, only 10 months after the earthquake. Following its emergence in the Artibonite Valley in central Haiti, infections spread to all ten Departments of Haiti within 100 days, and by December 2nd 2017 there were 815,378 suspected cases and 9,742 deaths reported by the Ministry of Health—the largest cholera epidemic in recent history.

GHESKIO immediately established an emergency cholera treatment center in Port-au-Prince. GHESKIO launched a comprehensive cholera program in City of God, including the provision of chlorinated water, building of latrines, and establishing rehydration posts. A 250-bed tent hospital was set up at its facility in downtown Port-au-Prince, admitting patients from many regions of the Metropolitan area. Since 2014, a 24-hour, permanent, 100-bed acute diarrheal treatment center has been built at GHESKIO and, since June 2017, is the only one that remains open. The oral cholera vaccine (Shancol) was introduced into City of God by GHESKIO in April 2012, and 91% of 52,000 volunteers had received two doses of the vaccine by July 2012.

Cervical Cancer Treatment

Haiti has the highest reported incidence of cervical cancer of any country in the world, with 94 cases per 100,000 population. Cervical cancer is the leading cause of cancer death in Haitian women with an estimated 1,500 deaths annually. This is 50 times higher than the rate in the United States, where cytology based cervical screening with Pap tests

has dramatically decreased cervical cancer mortality. Women in Haiti have not benefited from Pap test screening due to lack of health care infrastructure and trained pathologists; there are only four pathologists in this country of 10 million people. As a consequence, most women in Haiti have never been screened for cervical cancer.

Progress in cervical cancer prevention is being made in Haiti and many other developing countries. The introduction of simple and cost effective “screen and treat” strategies and human papillomavirus (HPV) vaccination offer tremendous opportunity.

1.2. TRAINING & EDUCATION

Short-term Training

GHESKIO offers training to a broad array of Haitian healthcare workers and medical personnel, including medical students, social workers, laboratory technicians, nurses, physicians, and investigators interested in research careers. GHESKIO trainees also include community health workers.

GHESKIO is the national center for training laboratory technicians to conduct HIV serologic testing, and hundreds of laboratory technicians from across Haiti have trained at GHESKIO. GHESKIO developed national algorithms for the management of sexually transmitted infections and has trained thousands of clinicians in the syndromic management of sexually transmitted infections. GHESKIO trainees can be found in any hospital or health clinic in Haiti in which HIV, sexually transmitted infections, and tuberculosis services are provided.

Long-term Training

GHESKIO recruits talented Haitian investigators for long-term training in Haiti and abroad. Trainees focus on the priority research areas necessary for developing and expanding care and prevention services.

Master Of Public Health And Nurse Practitioner Training

In collaboration with Quisqueya University Medical School and Weill Cornell Medical College, GHESKIO offers courses towards a master in public health degree (since 2005, the first in the country) and towards a nurse practitioner diploma (since 2009, the first in Haiti).

Prince Albert Primary School

In 2012, with the help of the Principality of Monaco, Ecole Prince Albert II de Monaco was built and put into operation allowing for the yearly enrollment of 320 from the underprivileged slums surrounding GHESKIO’s INLR campus in Port-au-Prince. The school received accreditation from the Ministry of National Education and Vocational Training (MNFP) of the Republic of Haiti in 2015. This project will increase the rate and

quality of schooling and literacy. Additionally, knowing the effect of education on the quality of life, it will increase the chances for the beneficiaries and their families to productively integrate society.

1.3 RESEARCH

Through clinical and operational research, GHESKIO seeks to define treatment and prevention models for HIV/AIDS and related diseases that are appropriate and effective for Haiti. The main focus of the research is HIV, sexually transmitted infections, and tuberculosis. The GHESKIO research program has evolved from early observational studies to large clinical trials, and it has been recognized as an international research center of excellence. In 1983, GHESKIO established its initial funding from the U.S. National Institutes of Health to define the epidemiology, natural history, risk factors, and associated co-infections of HIV/AIDS.

Since then, GHESKIO's consistent research productivity has been recognized by uninterrupted support from the U.S. National Institutes of Health, a MERIT award in 1990, and 20 new or competitive renewal grants.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis and currency of Presentation

The financial statements are prepared in US dollars in accordance with accounting principles generally accepted of the United States of America ("US GAAP"), as applicable to non-profit entities.

b) Foreign Currency Translation

These financial statements have been approved by management as on April 26, 2020. Transactions occurred in local currency were converted at the average exchange rate of the Bank of the Republic of Haiti prevailing from October 1, 2017 to September 30, 2018, which was HTG 65.4204.

The Net Assets as of September 30, 2018 are converted at the exchange rate in effect at September 30, 2018, which was HTG 69.9774 for one US dollar.

The resulting exchange differences are recorded in the Statement of Activities and Changes in Net Assets as translation adjustment.

c) Evaluation Basis

The accompanying financial statements are presented on a historical cost basis

d) Estimates and Judgment

During the preparation of the financial statements, management must make certain assumptions and estimates. Management believes that the financial statements have been adequately prepared using fair judgment in all material respects in accordance with the accounting principles set out in this document.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies described below have been applied in these financial statements:

a) Liquidity

Cash is recorded at cost and represent amounts held in cash and other accounts that can be readily converted without prior notice and / or have a maturity of not more than one month from the date of acquisition.

b) Capital assets

Lands and buildings purchased with GHESKIO CENTERS's own funds are recorded at acquisition cost. Depreciation expense for the buildings are calculated on a straight-line basis over an estimated useful lives of 20 years.

Equipment, vehicles and improvement, collectively referred to as fixed assets, when financed by donors under restricted stipulation are recognized as expenses under the respective programs at the time of acquisition.

Those assets are subject to the donor's requirements for use, title and disposition and are not amortized until the complete end of the program and the official transfer by the donor to GHESKIO CENTERS.

c) Revenues and Cost Recognition

Revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than the obligations are incurred. In addition, provision are made to accrue for some expenditures at September 30, 2018.

Contributions received that have some form of donor stipulation attached to them are recorded as temporarily restricted net assets. Once GHESKIO CENTERS satisfies the donor stipulation, either by using the donation for the approved purpose or by the passage of time, the contribution amount is released from restriction.

d) Net Assets

GHESKIO's net assets (revenues/gains, and expenses) are classified as temporarily restricted and unrestricted based on the existence or absence of donor-imposed restrictions. These classifications are defined as follows:

- . Temporarily restricted net assets contain donor-imposed restrictions that permit GHESKIO CENTERS to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of GHESKIO CENTERS.
- . Unrestricted net assets have no donor-imposed restrictions or the restrictions have expired.

e) Functional Expenditures

All expenses are either charged directly to program services or management and general services, based on specific identification. Specifically, indirect expenses have been allocated to management and general services.

f) Taxation

The organization is a non-profit entity and is exempt from income taxes and sales taxes.

g) Subsequent Events

Evaluation of subsequent events through April 27, 2020, which is the date the financial statements highlighted the following facts. :

During the first and second quarter of the year 2020, the world faced the pandemic COVID -19, which has begun to affect Haiti from March 2020.

The COVID-19 Presidential Emergency Response in Haiti is co-chaired by Dr. William Pape of GKESKO CENTERS. Dr. Jean Pape, Professor of Medicine at Weill Cornell Medicine, and his colleagues from GHESKIO and the Haitian Ministry of Health prepare for the arrival of COVID-19 to Haiti. Because of its excellent positioning in terms of quality and services, the GHESKIO Centers represent a major ally that could contribute to the management of that invasive pandemic.

GHESKIO is working to establish testing for the virus at its "Rodolphe Merieux Laboratory". The laboratory has capacity to perform real-time PCR and tests for other respiratory viruses. GHESKIO is also establishing clinic screening procedures to identify and separate patients with suspected COVID-19 and is also transforming its down-town in-patient facility for COVID care.

4. OTHER INCOME (EXPENSE)

The main source of revenues of GHESKIO's CENTRES consists of the following:

	<u>September 30, 2018</u>
Management fees revenues	\$ 92,931
Rental income	<u>28,633</u>
Total other income (expense)	<u>\$ 121,564</u>

5. CASH AND BANKS

Cash and Banks accounts, as of September 30, 2018 are as follows:

	<u>September 30, 2018</u>
Petty Cash	\$ 9,660
Bank HTG	258,144
Bank USD	<u>1,276,573</u>
Total cash and banks	<u>\$ 1,544,377</u>

6. INVESTMENT

As of September 30, 2018, investment of \$ 145, 310 represents a term deposit in a local bank which bears interest at 0.11 % over a period of six months renewable, from August 3, 2018 to February 1, 2019.

7. RECEIVABLES

The receivables of \$ 143, 933 are made up of amounts due by certain personnel following advances related mostly to travel and other activities as of September 30, 2018.

8. OUTSTANDING ADVANCES

The outstanding advances of \$ 131, 187 represent the remaining balance of funds advanced to the sites, but not yet justified as of September 30, 2018.

9. PROPERTY, NET OF DEPRECIATION

			September 30, 2018
Acquisition Costs			
Land			\$ 1,397,503
Buildings			<u>8,583,935</u>
			<u>\$ 9,981,438</u>
Accumulated Depreciation	September 30, 2017	Depreciation Expense	September 30, 2018
Buildings	<u>\$ 2,789,958</u>	<u>\$ 429,197</u>	<u>\$ 3,219,155</u>
	<u>\$ 2,789,958</u>	<u>\$ 429,197</u>	<u>\$ 3,219,155</u>
Properties, net of depreciation			\$ 6,762,283

10. EQUIPEMENT, VEHICLES AND IMPROVEMENTS

As of September 30, 2017, the GHESKIO CENTERS made acquisitions of equipment and vehicles and performed improvements to a building for a total amount of \$ 2, 369, 174 with funds received under specific programs. These acquisitions recorded as expenditures in GHESKIO's accounting books as of September 30, 2018, will be transferred to fixed assets, pending their official transfert to GHESKIO by the donor at the end of the program.

	<u>ACTG</u>	<u>CDC 1924 IMIS and INLR</u>	<u>CDC 1969 HIV</u>	<u>CTU CORE</u>	<u>EPAM</u>	<u>TOTAL</u>
Equipment	\$ 20,752	\$ -	\$ 81,458	\$ 478,240	\$ 76,824	\$ 657,274
Vehicles	-	48,370	46,000	-	-	94,370
Improvement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,617,530</u>	<u>1,617,530</u>
	<u>\$ 20,752</u>	<u>\$ 48,370</u>	<u>\$ 127,458</u>	<u>\$ 478,240</u>	<u>\$ 1,694,354</u>	<u>\$ 2,369,174</u>

11. ACCOUNTS PAYABLES

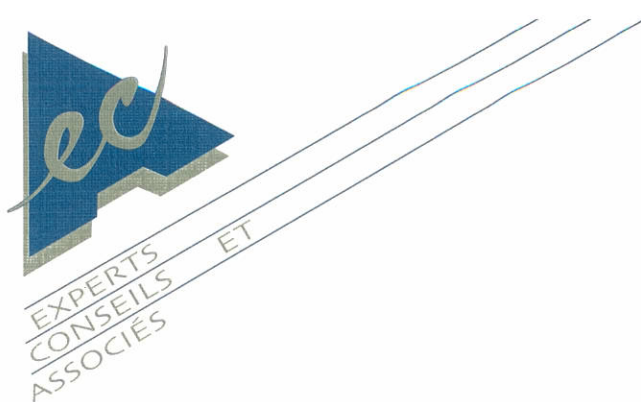
Accounts payables, as of September 30, 2018 are as follows:

	<u>September 30, 2018</u>
Boni payable	\$ 295,760
Suppliers	134,194
Management payable fees	85,982
Other fees payable	81,230
Rent payable	5,100
Total Accounts Payables	<u>\$ 602,266</u>

12. TEMPORARILY RESTRICTED NET ASSETS

	<u>As of September 2017</u>	<u>Contributions</u>	<u>Expenses</u>	<u>As of September 2018</u>
EPAM	\$ 1,697,297	\$ 111,040	\$ 118,919	\$ 1,689,418
ACTG	171,381	1,519,388	1,418,963	271,806
CTU CORE	789,491	711,551	792,792	708,250
FIU	14,663	54,329	42,554	26,438
MAC AIDS	(55,499)	450,000	393,176	1,325
TB LATENCY	3,436	373,012	434,199	(57,751) ⁽¹⁾
SPH LAB	56,980	18,467	29,203	46,244
LINKAGES	12,183	181,825	201,509	(7,501) ⁽¹⁾
FM VIH	91,084	1,562,356	1,408,482	244,958
FM TB	38,163	375,080	313,178	100,065
CDC 1924 INLR	80,507	1,942,231	1,933,037	89,701
CDC 1924 IMIS	(430)	1,057,769	1,045,850	11,489
CDC 1969 TB	1,831	550,000	551,792	39
CDC 1969 HIV	176,007	4,895,000	4,818,600	252,407
UF CHOLERA	(50,723)	215,241	197,598	(33,080) ⁽¹⁾
SAME DAY	95,951	319,517	371,732	43,736
KELLOGS	-	274,435	194,722	79,713
FANMI	-	97,312	109,547	(12,235) ⁽¹⁾
CDC 1969HURR MATT	-	1,140,000	1,145,902	(5,902) ⁽¹⁾
Total Temporatily Restricted	<u>3,122,322</u>	<u>15,848,553</u>	<u>15,521,755</u>	<u>3,449,120</u>
Translation adjustment	-	-	-	59,689
	<u>\$ 3,122,322</u>	<u>\$ 15,848,553</u>	<u>\$ 15,521,755</u>	<u>\$ 3,508,809</u>
UNRESTRICTED NET ASSETS				
Unrestricted fund balance	\$ 5,041,005	\$ 121,564	\$ 526,555	\$ 4,636,015
Translation adjustment	-	-	-	(20,000)
	<u>\$ 8,163,327</u>	<u>\$ 15,970,117</u>	<u>\$ 16,048,310</u>	<u>\$ 4,616,015</u>
Total				<u>\$ 8,124,824</u>

⁽¹⁾ Negative fund balances totalize an amount of \$ 116, 469 resulting from expenditures incurred under programs, but financed with GHESKIO own funds.



GHESKIO CENTERS

FINANCIAL STATEMENTS

As of September 30, 2018

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Dr. Jean William Pape
Executive Director
GHESKIO Centers
Port-au-Prince, Haïti

Dr. Pape:

In connection with our audit of GHESKIO CENTERS's financial statement which include the statement of financial position as of September 30, 2018 and the related statements of activities and changes in net assets, and the statement of functional expenditures for the year ended September 30, 2018, auditing standards generally accepted in the United States of America ("US GAAP") require that we advise management of the following internal control matters identified during our audit.

Our responsibility

Our responsibility, as prescribed by US GAAP, is to plan and perform our audit to obtain reasonable assurance about whether the Fund Accountability Statement are free of material misstatement, whether due to fraud or error. An audit includes consideration of internal control over financial reporting (hereinafter referred to as "internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of financial position as of September 30 2018 and the related statements of activities, and functional expenditures for the year ended for the year ended September 30 2018, but not for the purpose of expressing an opinion on the effectiveness of GHESKIO CENTERS' internal control. Accordingly, we express no such opinion on internal control effectiveness.

Identified deficiencies in internal control

Our consideration of internal control was not designed to identify all deficiencies in internal control that, individually or in combination, might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified.

Material weaknesses

A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

We identified the following situations that we considered as a material weaknesses:

- . Recognition and classification between restricted and unrestricted funds is not performed within the accounting system (Finding # 1)
- . Gain or loss is not properly accounted for (Finding # 2)

Recommendations to strengthen internal control

Our recommendations for actions to be considered by the Company and Those in Charge with Governance are presented in the report after each deficiency.

Management response

Comments from GHESKIO CENTERS' management were provided and are incorporated in the report after each recommendation.

Experts Conseils & Associés
Chartered Accountants
Pétion-Ville, April 27, 2020



GHESKIO CENTERS

FINANCIAL STATEMENTS

As of September 30, 2018

REPORT ON INTERNAL CONTROL

1. Recognition and classification between restricted and unrestricted funds is not performed within the accounting system

Situation

The accounting software used has not been tailored to allow the recognition and adequate classification between restricted and unrestricted funds. According to its accounting principles, GHESKIO CENTERS's net assets (revenues/gains, and expenses) are classified as temporarily restricted and unrestricted based on the existence or the absence of donor-imposed restrictions. These classifications are not implemented in the accounting software and were performed manually, based on the information traced in the financing agreements signed with the donors of the various programs.

We also noted negative fund balances totalizing an amount of \$ 116, 469, as presented in Note 12 to the financial statement, resulting from expenditures made in excess of the restricted funds received.

In addition, a comprehensive inventory of equipment, materials and other assets as of September 30, 2018 has not been submitted to ensure that all the assets transferred to the GHESKIO CENTERS at the end of projects or programs, since its creation in 1982 to September 30, 2018, have been effectively and adequately accounted for.

Recommendation

Management of GHESKIO CENTERS should develop new procedures to improve its accounting system with regards to the management of receipt and use of temporarily restricted funds.

As such, (i) donor statements should be analyzed to determine whether contributions received are temporarily restricted or unrestricted; (ii) expenditures incurred under temporarily restricted funds must be released from restriction when used; (iii) effort should be made to limit expenditures incurred under temporarily restricted funds to the amount received from the donor; (iv) excess of expenditures recorded as negative fund balances should be followed for possibility of recovery and such receivables, if not collectible, should be written off.

Auxiliary register of fixed asset should also be maintained under each program.

Management's Comments

GHESKIO CENTERS has always been dependent on donor and grants funds (restricted funds) to function. In light of this, any funds approved by the donor and grantor is considered donor/grantor funds until the proper justification is provided to support the corresponding expenditure. Even though our accounting software is not configured to label funds as restricted vs. unrestricted, we categorize, keep track of, and make the distinction between restricted vs unrestricted funds via accounting codes. In order to have a better classification of these two types of funds, GHESKIO CENTERS will implement the Auditor's recommendation and configure its accounting software accordingly.

Since GHESKIO CENTERS's creation, financial reports have been prepared by project to reflect program expenditures. Since these assets have been fully amortized (accounting value \$0) we did not include them in the General Ledger. However, they are kept and maintained in a separate register which is systematically updated. GHESKIO CENTERS will implement the Auditor's remark to improve its accounting inventory system.

2. Gain or loss is not properly accounted for**Situation**

The exchange rate effect, resulting from the recording of transactions made in dollars for payment of invoices denominated in gourdes (and vice versa) is accumulated in the corresponding asset or liability account, instead of being recognized in the income statement as a gain or loss.

Recommendation

We recommend to the management of GHESKIO CENTERS to develop procedures to ensure adequate and proper registration of exchange rate differences resulting from transactions incurred in different currencies.

Management's Comments

We are aware that the gain or loss on exchange rate reflected in the corresponding asset or liability account. GHESKIO CENTERS keeps a detailed registration of exchange rates resulting from transactions in different currencies. In order to better reflect these gains or losses, GHESKIO CENTERS will reinforce its procedures and ensure that these transactions are reflected in its income statement.