

**SIUT NORTH AMERICA, INC.**

(A NON PROFIT CORPORATION)

FINANCIAL STATEMENTS

AND

NOTES

DECEMBER 31, 2017

**SIUT NORTH AMERICA, INC.**

**DECEMBER 31, 2017**

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**Independent Auditor's Report**

TO THE BOARD OF DIRECTORS  
SIUT NORTH AMERICA INC

**Report on the Financial Statements**

We have audited the accompanying financial statements of SIUT NORTH AMERICA INC. (a Texas Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

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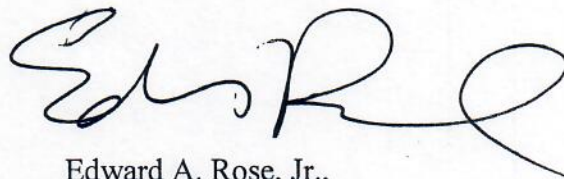
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for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SIUT NORTH AMERICA INC as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Edward A. Rose, Jr.,  
Certified Public Accountant

League City, Texas  
August 31, 2018

**SIUT NORTH AMERICA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**

ASSETS

Current Assets:

Cash \$ 2,452,374

Total Current Assets 2,452,374

**TOTAL ASSETS** **\$ 2,452,374**

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable 7,419

Payroll and Payroll Taxes Payable 2,953

Total Current Liabilities 10,372

Unrestricted Net Assets \$ 2,442,002

**TOTAL LIABILITIES AND NET ASSETS** **\$ 2,452,374**

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

**SIUT NORTH AMERICA, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2017**

UNRESTRICTED ASSETS

SUPPORT AND REVENUE

|                 |               |
|-----------------|---------------|
| Donations       | \$ 1,307,633  |
| Interest Income | <u>14,597</u> |

**Total Support and Revenue** \$ **1,322,230**

EXPENSES

|                        |               |
|------------------------|---------------|
| Program Services       | 102,478       |
| Management and General | 31,417        |
| Fund Raising           | <u>95,129</u> |

**Total Support Expenses** \$ 229,024

Increase in Net Assets 1,093,206

Unrestricted Assets Beginning of Period 1,348,796

**Unrestricted Net Assets** \$ **2,442,002**

The accompanying notes are an integral part of these financial statements

**SIUT NORTH AMERICA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2017**

|                                 | <u>Program<br/>Services</u> | <u>Management</u> | <u>Fund<br/>Raising</u> | <u>Total</u>      |
|---------------------------------|-----------------------------|-------------------|-------------------------|-------------------|
| Donations                       | \$ 102,478                  | \$                | \$                      | \$ 102,478        |
| Internet and Web Expenses       |                             | 4,756             |                         | 4,756             |
| Advertisements                  |                             |                   | 2,446                   | 2,446             |
| Mailing                         |                             |                   | 46,793                  | 46,793            |
| Printing and Copying            |                             |                   | 8,186                   | 8,186             |
| Credit Card Processing          |                             |                   | 15,678                  | 15,678            |
| Salaries and Payroll Taxes      |                             | 19,212            | 19,212                  | 38,424            |
| Bank Charges                    |                             | 345               |                         | 345               |
| Donors' Processing Fees         |                             |                   | 414                     | 414               |
| Bookkeeping Software            |                             | 212               |                         | 212               |
| Office Supplies                 |                             | 207               |                         | 207               |
| Facilities and Equipment        |                             | 3,086             |                         | 3,086             |
| Kindful Subscription            |                             |                   | 2,400                   | 2,400             |
| Rent                            |                             | 3,599             |                         | 3,599             |
| <b>Total Operating Expenses</b> | <b>\$ 102,478</b>           | <b>\$ 31,417</b>  | <b>\$ 95,129</b>        | <b>\$ 229,024</b> |

The accompanying notes are an integral part of these financial statements

**SIUT NORTH AMERICA, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2017**

|   |                  |
|---|------------------|
| Cash Flows from Operating Activities:   |                  |
| Increase in Unrestricted Net Assets   | \$ 1,093,206     |
| Adjustments to reconcile change in assets to net<br>cash provided by operating activities |                  |
| Increase (Decrease) in Accounts Payable   | 7,419            |
| Increase (Decrease) in Payroll and Payroll Taxes Payable                                  | <u>2,953</u>     |
| Net cash Provided by operating activities   | \$ 1,103,578     |
| <br>CASH FLOWS FROM INVESTING ACTIVITIES:   |                  |
| Net Cash Flows Provided by Investing Activities   | 0                |
| <br>CASH FLOWS FROM FINANCING ACTIVITIES:   |                  |
| Net Cash Flows Used by Financing Activities   | 0                |
| <br>NET DECREASE IN CASH AND CASH EQUIVALENTS   | 1,103,578        |
| <br>CASH AND CASH EQUIVALENTS AT JANUARY 1, 2017  | <u>1,348,796</u> |
| <br>CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2017  | \$ 2,452,374     |
| <br>Supplemental Disclosures:   |                  |
| Interest paid   | None             |
| Income Taxes paid   | None             |

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



**SIUT NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

SIUT North America, Inc. is a Non-profit 501 ( c) (3) corporation formed on September 25, 2000 in the State of Texas. The corporation was established to help humanitarian causes. All officers and others associated with the Organization perform various duties entirely on a voluntary basis and do not receive any kind of remuneration or fringe benefits. SIUT firmly believes in the philosophy that no one should die only because the person cannot afford to live. This philosophy is the cornerstone of all services that are extended by SIUT Pakistan making it a unique medical institution in Pakistan where people receive comprehensive medical cover in the field of specialized treatment without incurring any economic burden whatsoever.

**Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles; the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets and revenues, expenses, and gains and losses 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 – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specific event.

Permanently restricted net assets – net assets required to be maintained in perpetuity with only the income to be used for the Organization's activities due to donor-imposed restrictions.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

**SIUT NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**Revenue and Cost Recognition**

The Organization's financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses when incurred.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid financial instruments purchased with an initial maturity of three months or less to be cash equivalents.

**Federal and State Income Taxes**

The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3) as the Organization is a tax-exempt corporation. The Organization is current on all of its tax filings. The state of Texas does not impose an income tax.

**NOTE 2: USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3: PROGRAM SERVICES**

SIUT North America, Inc. primarily supports SIUT in Pakistan. Catering to a spectrum of the population, SIUT Pakistan predominantly serves those representing the marginalized segments of society hailing from rural and urban parts of Pakistan, that do not have access to costly specialized medical care available elsewhere in the country or abroad. State of the art medical facilities are provided for the public at large without any discrimination of caste, ethnicity or economic group. Each patient is treated with utmost dignity and respect. SIUT Pakistan is not only a center of excellence in the world of medical sciences, but also a true role model of specialized care in any developing country.

**SIUT NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4: CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS**

The organization maintains cash balances in one financial institution located in Houston, Texas. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, the organization had cash balances in the amount of \$ 2,202,374 in excess of FDIC insurance limits at this institution.

**NOTE 5: RELATED PARTY TRANSACTION**

SIUT North America primarily supports SIUT Pakistan and other similar organizations that provide medical care.

**NOTE 6: EVALUATION OF SUBSEQUENT EVENTS**

The organization has evaluated subsequent events through August 31, 2018, the date when the financial statements were available to be issued.

**NOTE 7: COMPENSATED ABSENCES**

The Organization does not have any liability for compensated absences as of December 31, 2017

**NOTE 8: FAIR VALUE MEASUREMENT**

The Company has determined the fair value of current assets and liabilities through application of FASB ASC 820-10, Fair Value Measurements (“Fair Value Measurements”). Fair Value Measurements establish a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under Fair Value Measurements are described below:

**SIUT NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9: FAIR VALUE MEASUREMENT (CONTINUED)**

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which All significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Short-term financial instruments, including cash, accounts receivable, accounts payable and other liabilities, consist primarily of instruments without extended maturities, the fair value of which, based on management's estimates, approximated their carrying values.

All assets and liabilities are Level 1 Inputs.

**NOTE 10: LEASE COMMITMENTS**

The Organization leases space on an annual basis. The current lease expires on August 31, 2018. The lease expense for the year ended December 31, 2017 was \$3,599.

**NOTE 11: UNCERTAIN TAX POSITIONS**

Management has considered its tax position and believes that all of the positions taken in its exempt organization returns are more likely than not to be sustained upon examination. As of December 31, 2017, SIUT North America, Inc. believes it does not have any taxable unrelated business income and has not accrued interest or penalties related to uncertain tax positions. SIUT North America is generally no longer subject to examination by the Internal Revenue Service for the years before 2014.