

SIUT NORTH AMERICA, INC.

(A NON-PROFIT CORPORATION)

FINANCIAL STATEMENTS

AND

NOTES

DECEMBER 31, 2018

SIUT NORTH AMERICA, INC.

DECEMBER 31, 2018

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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, 2018, 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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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, 2018, 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
June 15, 2019

SIUT NORTH AMERICA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS

Current Assets:

Cash In Bank \$ 1,208,122

Total Current Assets 1,208,122

TOTAL ASSETS \$ 1,208,122

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable 2,674

Payroll and Payroll Taxes Payable 4,099

Total Current Liabilities 6,773

Net Assets

Without Donor Restrictions

Undesignated \$ 1,201,349

TOTAL LIABILITIES AND NET ASSETS \$ 1,208,122

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

SIUT NORTH AMERICA, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

SUPPORT AND REVENUE	
Donations	\$ 1,497,720
Interest Income	21,949
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Total Support and Revenue	\$ 1,519,669
 EXPENSES	
Program Services	2,561,776
Management and General	53,817
Fund Raising	144,729
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Total Support Expenses	\$ 2,760,322
 Change in Net Assets	 (1,240,653)
Net Assets, Beginning of Year	2,442,002
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Net Assets, End of Year	\$ 1,201,349

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, 2018

	<u>Program Services</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>
Donations	\$ 2,561,776	\$	\$	\$ 2,561,776
Internet and Web Expenses		4,328		4,328
Advertisements			4,018	4,018
Mailing			73,914	73,914
Printing and Copying			12,433	12,433
Credit Card Processing			18,375	18,375
Salaries and Payroll Taxes		26,538	26,538	53,076
Bank Charges		425		425
Donors' Processing Fees			388	388
Miscellaneous		241	801	1,042
Trade Shows			5,862	5,862
Office Supplies		752		752
Facilities and Equipment		1,714		1,714
Audit and Accounting		5,000		5,000
Interviews		5,250		5,250
Kindful Subscription			2,400	2,400
Rent		9,569		9,569
Total expenses by function & included in the expense section on the statement of activities	\$ 2,561,776	\$ 53,817	\$ 144,729	\$ 2,760,322

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, 2018

Cash Flows from Operating Activities:	
Reconciliation of Change in Net Assets to Net Cash from Operating Activities	\$ (1,240,653)
Adjustments to reconcile change in assets to net cash provided by operating activities	
Increase (Decrease) in Accounts Payable	(4,745)
Increase (Decrease) in Payroll and Payroll Taxes Payable	<u>1,146</u>
Net cash Used by operating activities	\$ (1,244,252)

CASH FLOWS FROM INVESTING ACTIVITIES:

Net Cash Flows Provided by Investing Activities	0
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CASH FLOWS FROM FINANCING ACTIVITIES:

Net Cash Flows Used by Financing Activities	0
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,244,252)
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CASH AND CASH EQUIVALENTS AT JANUARY 1, 2018	<u>2,452,374</u>
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CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2018	\$ 1,208,122
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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, 2018

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;

New Accounting Pronouncement- On August 18, 2016, FASB issued ASU 2016-14, Not for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. SIUT North America, Inc. has adjusted the presentation of these statements accordingly. ASU 2016-14 has been applied retrospectively to all periods presented.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SIUT NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions- Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets with Donor Restrictions- Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

At December 31, 2018 the Net Assets of SIUT North America, Inc. are without donor restrictions and undesignated by the Board of Directors. The Board's main emphasis is the grants of money and/ or medical equipment to SIUT Pakistan, the Sindh Institute of Urology & Transplantation (SIUT), Dow Medical College & Civil Hospital in Karachi, Pakistan.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

SIUT NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

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, and those differences are immaterial.

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. In 2018 the Organization purchased \$2,553,776. in equipment for SIUT in Pakistan.

SIUT NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018, the organization had cash balances in the amount of \$ 958,122. in excess of FDIC insurance limits at this institution. SIUT North America, Inc. manages concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. To date, we have not experienced any losses in any of these accounts.

NOTE 5: RELATED PARTY TRANSACTION

SIUT North America, Inc. 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 June 15, 2019, 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, 2018.

NOTE 8: FAIR VALUE MEASUREMENT

The Organization 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, 2018

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, 2019. The lease expense for the year ended December 31, 2018 was \$9,569.

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, 2018, 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 2015.

NOTE 12: ADVERTISING COSTS

Advertising costs are expensed as incurred and was \$4,018. in 2018.