

**SIUT NORTH AMERICA, INC.**

(A NON-PROFIT CORPORATION)

FINANCIAL STATEMENTS

AND

NOTES

DECEMBER 31, 2020

**SIUT NORTH AMERICA, INC.**

**DECEMBER 31, 2020**

**INDEX**

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

# EDWARD A. ROSE, JR.

CERTIFIED PUBLIC ACCOUNTANT, P.C.

( LICENSED IN TEXAS, CALIFORNIA, & NEVADA )

ONE HARBOUR SQUARE  
3027 MARINA BAY DRIVE, SUITE 208  
LEAGUE CITY, TEXAS 77573

edrose@edroseattorneycpa.com

OFF: 713-581-6029  
CELL: 760-580-7511  
FAX: 832-201-9960

## 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, 2020, 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.

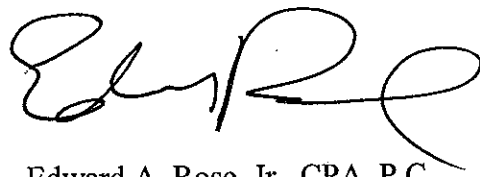
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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

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, 2020, 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.

A handwritten signature in black ink, appearing to read 'Ed Rose', with a large, stylized flourish at the end.

Edward A. Rose, Jr., CPA, P.C.  
Certified Public Accountant

League City, Texas

April 5, 2021

**SIUT NORTH AMERICA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2020**

**ASSETS**

Current Assets:

Cash In Bank

\$ 1,874,752

Total Current Assets

1,874,752

**TOTAL ASSETS**

**\$ 1,874,752**

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts Payable

5,565

Accrued Expenses

17,565

Total Current Liabilities

\$ 23,130

Net Assets

Without Donor Restrictions

Undesignated

1,851,622

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 1,874,752**

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

**SIUT NORTH AMERICA, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2020**

<b>SUPPORT AND REVENUE</b>	
Donations	\$ 3,198,425
Interest Income	<u>13,862</u>
<b>Total Support and Revenue</b>	<b>\$ 3,212,287</b>
 <b>EXPENSES</b>	
Program Services	2,083,683
Management and General	70,130
Fundraising	<u>231,843</u>
<b>Total Support Expenses</b>	<b>\$ 2,385,656</b>
 Change in Net Assets	 826,631
Net Assets, Beginning of Year	<u>1,024,991</u>
<b>Net Assets, End of Year</b>	<b>\$ 1,851,622</b>

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, 2020**

	<u>Program Services</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>
Donations	\$ 2,083,683	\$	\$	\$ 2,083,683
Internet and Web Expenses		4,305		4,305
Advertising			10,126	10,126
Mailing			90,148	90,148
Printing and Copying			15,418	15,418
Credit Card Processing			45,627	45,627
Salaries and Payroll Taxes		34,918	52,378	87,296
Bank Charges		645		645
Donors' Processing Fees			1,277	1,277
Houston Gala Project			13,010	13,010
Trade Shows			500	500
Office Supplies		8,414		8,414
Facilities and Equipment		1,597		1,597
Audit and Accounting		5,000		5,000
Dues and Subscriptions		3,181		3,181
Liability Insurance		3,030		3,030
Kindful Subscription			3,359	3,359
Rent		9,040		9,040
<b>Total expenses by function &amp; included in the expense section on the statement of activities</b>	<b>\$ 2,083,683</b>	<b>\$ 70,130</b>	<b>\$ 231,843</b>	<b>\$ 2,385,656</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, 2020**

Cash Flows from Operating Activities:	
Reconciliation of Change in Net Assets to Net Cash from Operating Activities	\$ 826,631
Adjustments to reconcile change in assets to net cash provided by operating activities	
Increase (Decrease) in Accounts Payable	2,192
Increase (Decrease) in Accrued Expenses	<u>10,566</u>
Net cash Provided by operating activities	\$ 839,389
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Cash Flows Provided by Investing Activities	0
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net Cash Flows Used by Financing Activities	0
NET INCREASE IN CASH AND CASH EQUIVALENTS	839,389
CASH AND CASH EQUIVALENTS AT JANUARY 1, 2020	<u>1,035,363</u>
CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2020	\$ 1,874,752

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, 2020**

**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 volunteer 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.

**Basis of Presentation**

The financial statements are presented in accordance with financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August of 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). ASC 958-205 was effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

**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, 2020 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.

**SIUT NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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. Salaries and related taxes are allocated based on time and effort while the other expenses that are allocated are done so based on specific identification of invoices relating to either programs or supporting services.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles;

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.

**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.

**SIUT NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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 2020 the Organization purchased \$1,832,890. in equipment for SIUT in Pakistan.

**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, 2020, the organization had cash balances in the amount of \$ 1,624,752. 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 in the United States that provide medical care.

**NOTE 6: EVALUATION OF SUBSEQUENT EVENTS**

The organization has evaluated subsequent events through April 5, 2021, 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, 2020.

**SIUT NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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:

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 lease expense for the year ended December 31, 2020 was \$9,040. The Organization entered into a five (5) year plus one (1) month lease commencing December 1, 2020 at a monthly rent of \$1,320. The minimum obligations under the lease are as follows:

2021	\$ 15,840.
2022	15,840.
2023	15,840.
2024	15,840.
2025	<u>15,840.</u>
	\$ 79,200.

**SIUT NORTH AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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, 2020, 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 2017.

**NOTE 12: FUNDRAISING COSTS**

Fundraising expenses consist of advertising, media, mailing, and other related costs that are expensed as incurred. In 2020, total Fundraising Costs was \$231,843.

**NOTE 13- HEALTH EPIDEMICS**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. At that time the impact to our Organization included a potential reduction of donations for 2020.

COVID-19 could adversely affect the economy of the United States which could result in a lasting economic downturn. Although we are continuing to monitor and assess the effects of the COVID-19 pandemic on our Organization, there was no impact to our Organization in 2020 as donations increased. However, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

**NOTE 14- LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents    \$ 1,874,752.