

SIUT NORTH AMERICA, INC.

(A NON-PROFIT CORPORATION)

FINANCIAL STATEMENTS

AND

NOTES

DECEMBER 31, 2023

SIUT NORTH AMERICA, INC.

DECEMBER 31, 2023

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Independent Auditor's Report

TO THE BOARD OF DIRECTORS
SIUT NORTH AMERICA INC

Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SIUT NORTH AMERICA INC. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SIUT NORTH AMERICA INC.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SIUT NORTH AMERICA INC.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SIUT NORTH AMERICA INC.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Edward A. Rose, Jr., CPA, P.C.

League City, Texas

August 5, 2024

SIUT NORTH AMERICA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

Current Assets:

Cash In Bank	\$ 1,782,491
Prepaid Rent	2,481
Total Current Assets	<u>1,784,972</u>

Other Assets:

Lease - Right of Use, Net	35,605
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TOTAL ASSETS	\$ 1,820,577
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued Expenses	\$ 26,163
Accrued Payroll and Related Taxes	41,508
Lease Obligation	<u>17,664</u>
Total Current Liabilities	85,335

Long Term Liabilities

Lease Obligation	<u>17,941</u>
	17,941

Net Assets

Without Donor Restrictions	
Undesignated	<u>1,717,301</u>

TOTAL LIABILITIES AND NET ASSETS	\$ 1,820,577
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The accompanying notes are an integral part of these financial statements.

SUPPORT AND REVENUE	
Donations	\$ 5,838,944
Interest Income	82,568
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Total Support and Revenue	\$ 5,921,512
EXPENSES	
Program Services	4,212,000
Management and General	122,936
Fundraising	760,526
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Total Support Expenses	\$ 5,095,462
Change in Net Assets	826,050
Net Assets, Beginning of Year	891,251
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Net Assets, End of Year	\$ 1,717,301

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, 2023

	<u>Program Services</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 4,212,000	\$	\$	\$ 4,212,000
Marketing			5,329	5,329
Internet and Web Expenses		5,552		5,552
Advertising			55,949	55,949
Houston Gala Project			127,386	127,386
Mailing			221,406	221,406
Promotional Expenses			4,406	4,406
Chapter Outreach			2,240	2,240
Printing and Copying			49,798	49,798
Credit Card Processing			69,151	69,151
Salaries and Payroll Taxes		68,519	205,555	274,074
Bank Charges		1,048		1,048
Donors' Processing Fees			2,100	2,100
Trade Shows			13,546	13,546
Telephone and Internet		2,700		2,700
Office Expense		10,453		10,453
Legal and Audit Fees		14,813		14,813
Dues and Subscriptions		2,107		2,107
Liability Insurance		826		826
Kindful Subscription			3,660	3,660
Rent		16,918		16,918
Total expenses by function & included in the expense section on the statement of activities	<u>\$ 4,212,000</u>	<u>\$ 122,936</u>	<u>\$ 760,526</u>	<u>\$ 5,095,462</u>

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, 2023

Cash Flows from Operating Activities:

Reconciliation of Change in Net Assets to Net Cash from Operating Activities	\$ 826,050
Adjustments to reconcile change in assets to net cash provided by operating activities	
Increase (Decrease) in Prepaid Rent	(1,117)
Increase (Decrease) in Accounts Payable and Accrued Expenses	23,404
Increase (Decrease) in Accrued Payroll and Related Taxes	<u>26,794</u>
Net cash Provided (Used) by operating activities	\$ 875,131

CASH FLOWS FROM INVESTING ACTIVITIES:

Net Cash Flows Provided Used 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 INCREASE IN CASH AND CASH EQUIVALENTS	875,131
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CASH AND CASH EQUIVALENTS AT JANUARY 1, 2023	<u>907,360</u>
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CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2023	\$ 1,782,491
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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, 2023**

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, 2023 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, 2023

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

The Organization considers 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, 2023

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 2023 the Organization purchased \$4,000,000. 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, 2023, the organization had cash balances in the amount of \$ 1,318,068. 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 August 5, 2024, 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, 2023.

SIUT NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 9: LEASE COMMITMENTS

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842) and several amendments in order, to help increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. The standard, which is effective for fiscal years beginning after December 15, 2021, requires lessees to recognize assets and liabilities on the balance sheets for rights and obligations created by leases with terms of more than twelve months. Amortization for the lease asset is computed based on the straight-line method for financial statement reporting purposes and accelerated methods for income tax reporting purposes.

SIUT NORTH AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9: LEASE COMMITMENTS- Continued

The Company is under a non-cancelable lease for its office space that expires on December 31, 2025. The Company adopted ASC Topic 842 starting from January 1, 2022 and used the discount rate of 3% to recognize the right-of-use (ROU) asset amounting to \$51,135. less amortization of \$15,530. for a net value of \$35,605. at December 31, 2023. The remaining lease liability as of December 31, 2023 is as follows:

2024	\$ 17,664.
2025	<u>17,941.</u>
	\$ 35,605.

NOTE 10: 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, 2023, 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.

NOTE 11: FUNDRAISING COSTS

Fundraising expenses consist of advertising, media, mailing, and other related costs that are expensed as incurred. In 2023, total Fundraising Costs was \$ 760,526.

NOTE 12- 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 \$ 1,782,491.