

CALIXO & DGA

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT**

**SURGEONS OF HOPE FOUNDATION
(A NON-PROFIT ORGANIZATION)**

DECEMBER 31, 2017 AND 2016



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SURGEONS OF HOPE FOUNDATION (A NON-PROFIT ORGANIZATION)

INDEX TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

INDEPENDENT AUDITORS' REPORT	3
STATEMENTS OF FINANCIAL POSITION.....	5
STATEMENTS OF FINANCIAL POSITION (continued).....	6
STATEMENTS OF ACTIVITIES	7
STATEMENTS OF CASH FLOWS.....	8
NOTES TO FINANCIAL STATEMENTS	9



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INDEPENDENT AUDITORS' REPORT

June 28th, 20118

To the Board of Directors of:

Surgeons of Hope Foundation.
New York, NY.

Report on the Financial Statements

We have audited the accompanying financial statements of Surgeons of Hope Foundation (a non-profit organization) which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities and cash flows for the years 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 the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audits 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 auditors' 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 presentation 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.

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INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Surgeons of Hope Foundation as of December 31, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

San Francisco, CA



Thibault Gianati, CPA
San Francisco, CA
June 28th, 2018

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SURGEONS OF HOPE FOUNDATION
STATEMENTS OF FINANCIAL POSITION

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
Current Assets		
Cash and cash equivalents	\$ 866,367	\$ 595,718
Pledges and grants receivable	8,655	55,520
Prepaid expenses	31,052	4,679
Other receivable	30,873	21,161
Total Current Assets	<u>936,948</u>	<u>677,078</u>
Property, Equipment and Software	<u>27,750</u>	<u>26,898</u>
Total property and equipment	27,750	26,698
Less: accumulated depreciation	<u>20,536</u>	<u>16,098</u>
Property and equipment, net	<u>7,214</u>	<u>10,800</u>
TOTAL	<u>\$ 944,162</u>	<u>\$ 687,878</u>

See Independent Auditors' Report.

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SURGEONS OF HOPE FOUNDATION

STATEMENTS OF FINANCIAL POSITION (continued)

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

LIABILITIES AND NET ASSETS

	2017	2016
Liabilities		
Accounts payable	\$ 10,201	\$ 1,025
Accrued expenses	10,308	16,765
Payroll liabilities	437	-
Total current liabilities	<u>20,946</u>	<u>17,790</u>
Net assets		
Temporarily restricted	880,174	470,609
Unrestricted	43,042	199,479
Total net assets	<u>923,216</u>	<u>670,088</u>
TOTAL	<u>\$ 944,162</u>	<u>\$ 687,878</u>

See Independent Auditors' Report.

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SURGEONS OF HOPE FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<u>Unrestricted Net Assets</u>		
Unrestricted revenues and gains		
Contributions	\$ 66,491	\$ 157,415
Annual Gala, less Costs of direct benefits to Donors	97,748	128,048
Interest Income	6,553	2,307
Other Income	100	25
Total Unrestricted revenues and gains	<u>170,892</u>	<u>287,795</u>
Net assets released from restrictions	-	-
Total Unrestricted revenues and gains and other support	<u>170,892</u>	<u>287,795</u>
Expenses		
Program services	155,643	168,873
Supporting services		
Management and general	39,554	20,051
Fundraising	74,969	62,871
Total Expenses	<u>270,166</u>	<u>251,795</u>
Unrealized gain (loss) in value of available-for-sale securities	(1,538)	-
Increase (decrease) in Unrestricted Net Assets	<u>(100,812)</u>	<u>36,000</u>
<u>Temporarily Restricted Assets</u>		
Contributions	353,940	309,943
Net assets released from restrictions	-	-
Increase in Temporarily Restricted Assets	<u>353,940</u>	<u>309,943</u>
Increase (decrease) in Net Assets	<u>253,128</u>	<u>345,943</u>
<u>Net Assets beginning of the year</u>	670,088	324,146
<u>Net Assets end of the year</u>	<u>\$ 923,216</u>	<u>\$ 670,088</u>

See Independent Auditors' Report.



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SURGEONS OF HOPE FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<u>Cash flows from Operating activities</u>		
Increase in Net Assets	\$ 253,128	\$ 345,943
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,438	4,804
Decrease (increase) in operating assets		
Contribution receivable	46,865	25,730
Other receivable	(36,085)	(22,498)
Increase (decrease) in operating liabilities		
Accounts payable	9,176	(19,093)
Accrued expenses	(6,457)	8,615
Payroll liabilities	437	
Net cash provided by Operating activities	<u>271,502</u>	<u>343,500</u>
<u>Cash flows from Investing activities</u>		
Fixed assets acquisition	<u>(852)</u>	
Net cash used by Investing activities	<u>(852)</u>	
Net change in cash	270,650	343,500
Cash beginning of the year	595,718	252,218
Cash at the end of the year	<u>\$ 866,367</u>	<u>\$ 595,718</u>

See Independent Auditors' Report.



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SURGEONS OF HOPE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017

Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Surgeons of Hope Foundation (The Foundation) was organized in the State of Georgia on April 3, 2001. The purpose of the Foundation is to provide financial and medical support as well as administrative services for the delivery of onsite surgical care to disadvantaged children in developing countries. The Foundation does it by raising funds specifically for this purpose.

Financial Statement Presentation

The financial statements are presented in accordance with FASB Accounting Standard Codification (FASB ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization had no permanently restricted net assets as of December 31, 2017 and 2016.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Cash and Cash Equivalents

The foundation considers all highly liquid investments with maturity of three months or less to be cash equivalents.

See Independent Auditors' Report

CALIXO & DGA
SURGEONS OF HOPE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017

Contribution receivable

All contributions receivable will be received in less than one year.

Property, Equipment and Software

Property and equipment are stated at cost.

Depreciation is calculated for financial statement purposes using the straight-line method based on the property's estimated life.

Additions and improvements that add materially to productive capacity or extend the life of an asset are capitalized. Normal repairs and maintenance are charged against income.

When facilities are retired or sold, their cost and accumulated depreciation are removed from the accounts and related gains or losses are included in income. In case of trade items, any remaining book value increases the basis of the new acquisitions.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

The estimated lives used in determining depreciation are:

Furniture and Equipment – 3 years

Software – 5 years

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services.

See Independent Auditors' Report

CALIXO & DGA

SURGEONS OF HOPE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017

Contributions

Contribution income consists of donation from individuals, foundations and corporations. Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence or nature of any donors' restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In 2017, contribution from one major contributor accounted for 50% of the total contributions to the Foundation.

Matching contributions

In certain situations, contributions made by certain individuals are matched by other organizations. Matching contributions are recognized as revenue when they are received by the Foundation.

Income Tax

The Foundation is a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Code except for unrelated business income. The Foundation has no net taxable unrelated business income for 2017 and accordingly, no provision for taxes has been made. The Foundation does not have any uncertain tax positions that are material to the Financial Statements. The Foundation's tax returns are subject to examination by taxing authorities, generally for three years after they were filed.

Program

The foundation works in Latin America, mainly Nicaragua. It provides funds and equipment to pediatric heart surgical and training missions.

See Independent Auditors' Report

CALIXO & DGA

SURGEONS OF HOPE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017

Special Event

The Foundation organized a Gala dinner on May 4th, 2017. Revenue and expenses were as follows:

Revenue and support		
Tickets	\$	52,500
Donations		39,550
Auction		48,500
Program		-
		<u>\$ 140,600</u>
Direct benefit expenses		
Food and catering	\$	<u>41,197</u>
Indirect benefit expenses		
Photography and video	\$	-
Decoration		126
Miscellaneous expenses		1,530
		<u>\$ 1,656</u>

The Foundation designates certain gifts to function as endowment. The endowment is classified and reported as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
Contributions	\$ 19,572	\$ 353,940
Net investment income	6,553	
Endowment, end of year	<u>\$ 26,124</u>	<u>\$ 353,940</u>

Funds are currently held in a saving account at M&T Bank.

See Independent Auditors' Report

CALIXO & DGA

SURGEONS OF HOPE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017

Contributed services

The Foundation occupies a 100 sqf space free of charge in the PUBLICIS NORTH AMERICA' offices. The service offered by PUBLICIS NORTH AMERICA also includes the mail and the printings, in particular during the fundraising activities.

Subsequent events

The Foundation has evaluated subsequent events through June 28th, 2018, the date which the financial statements were available to be issued.

Projected Cash Flow Sept. 28

Revenues		Sep	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug
Bank Income		48,596	69,917	48,438	41,759	30,080	19,601	8,122	16,643	85,164	153,685	142,206	130,727
	Gala							30000	100000	100000			
	Edwards Life	50000											0
	Children's Aid International												
	Let It Beat												
	New Foundation												
	Global Giving	200	200	5,000	5,000	200	200	200	200	200	200	200	200
	CFC	500	500	500	500	500	500	500	500	500	500	500	500
	Direct Mail												
	Endowment	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
	Corporate Gifts and Matches	500	500	500	500	500	500	500	500	500	500	500	500
	Board contributions				15000	1000							
	Races and events	0	0	0	0	0	0	0	0	0	0	0	0
	Individuals	1000	1000	2000	2000	1000	1000	1000	1000	1000	1000	1000	1000
Total		101,036	72,357	55,678	63,999	33,520	22,041	40,562	119,083	187,604	156,125	144,646	133,167
Endowment		786000											
Expense													
Payroll	Leila												
	Yolliann	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750
	ED	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667
Bonus													
	Benefits/taxes	721	721	721	721	721	721	721	721	721	721	721	721
CEN (loan)													
	Gerardo + accounting	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Accounting		500	500	500	500	500	500	500	500	500	500	500	500
Health insurance		\$741	\$741	\$741	\$741	\$741	\$741	\$741	\$741	\$741	\$741	\$741	\$741
Telephone		80	80	80	80	80	80	80	80	80	80	80	80
Icon Strategies		150	150	150	150	150	150	150	150	150	150	150	150
Blackbaud		210	210	210	210	210	210	210	210	210	210	210	210
Air Fare		2,000											
Mission Expense		3,000											
Gala					20,000				20,000	20,000			
Shipping													
Audit Expense													
D&O Insurance and other		2200											
Equipment Purchases		10000											
Telemedicine													
Capital Investment													
Direct Mail Campaign			10000					10000					
MSC		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total		31,119	23,919	13,919	33,919	13,919	13,919	23,919	33,919	33,919	13,919	13,919	13,919
Bank Bal		69,917	48,438	41,759	30,080	19,601	8,122	16,643	85,164	153,685	142,206	130,727	119,248

Note: a mission to Panama in Feb. will be paid by Panama