

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

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

DECEMBER 31, 2018 AND 2017

INDEPENDENT AUDITORS' REPORT

September 20th, 2019,
To the Board of Directors of: Surgeons of Hope Foundation.

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, 2018 and December 31, 2017, and the related statements of activities and cash flow 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 controls 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 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 controls 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 controls. 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 Surgeons of Hope Foundation as of December 31, 2018 and 2017, 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.

Emmanuel Jaegle, CPA
September 20th, 2019

**SURGEONS OF HOPE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	\$ 867,845	\$ 866,367
Pledges and grants receivable	3,230	8,655
Prepaid expenses	4,879	31,052
Other receivable	<u>45,213</u>	<u>30,873</u>
Total Current Assets	<u>921,166</u>	<u>936,948</u>
Property, Equipment and Software	<u>27,750</u>	<u>27,750</u>
Total property and equipment	27,750	27,750
Less: accumulated depreciation	<u>25,140</u>	<u>20,536</u>
Property and equipment, net	<u>2,610</u>	<u>7,214</u>
TOTAL	<u>\$ 923,776</u>	<u>\$ 944,162</u>

**SURGEONS OF HOPE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

LIABILITIES AND NET ASSETS

	2018	2017
Current liabilities		
Accounts payable	\$ 12,413	\$ 10,201
Accrued expenses	14,574	10,308
Payroll liabilities	<u>92</u>	<u>437</u>
Total current liabilities	<u>27,079</u>	<u>20,946</u>
Net assets		
Temporarily restricted	909,619	880,174
Unrestricted	<u>-12,922</u>	<u>43,042</u>
Total net assets	<u>896,697</u>	<u>923,216</u>
TOTAL	<u>\$ 923,776</u>	<u>\$ 944,162</u>

**SURGEONS OF HOPE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Unrestricted Net Assets		
Unrestricted revenues and gains		
Contributions	\$ 100,245	\$ 66,491
Annual Gala, less Costs of direct benefits to Donors	180,431	97,748
Interest Income	14,831	6,553
Other Income	10	100
Total Unrestricted revenues and gains	295,517	170,892
Net assets released from restrictions		0
Total Unrestricted revenues and gains and other support	295,517	170,892
Expenses		
Program services	176,289	155,643
Supporting services		
Management and general	48,387	39,554
Fundraising	102,397	74,969
Total Expenses	327,072	270,166
Unrealized gain (loss) in value of available-for-sale securities	-2,245	-1,538
Extraordinary Adjustments from prior years	-22,164	0
Increase (decrease) in Unrestricted Net Assets	-55,964	-100,812
Temporarily Restricted Assets		
Contributions	29,445	353,940
Net assets released from restrictions		
Increase in Temporarily Restricted Assets	29,445	353,940
Increase (decrease) in Net Assets	-26,519	253,128
Net Assets beginning of the year	923,216	670,088
Net Assets end of the year	\$ 896,697	\$ 923,216

**SURGEONS OF HOPE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Cash flow from Operating activities		
Increase in Net Assets	\$ -26,519	\$ 253,128
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,604	4,438
Decrease (increase) in operating assets		
Contribution receivable	5,425	46,865
Other receivable	11,833	-36,085
Increase (decrease) in operating liabilities		
Accounts payable	2,212	9,176
Accrued expenses	4,266	-6,457
Payroll liabilities	-345	437
Net cash provided by Operating activities	1,477	271,502
Cash flows from Investing activities		
Fixed assets acquisition	0	-852
Net cash used by Investing activities	0	-852
Net change in cash	1,477	270,650
Cash at the beginning of the year	866,367	595,718
Cash at the end of the year	\$ 867,844	\$ 866,367

**SURGEONS OF HOPE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 New York on April 3, 2001. The purpose of the Foundation is to provide every infant and child with a damaged heart an equal opportunity to receive life-saving surgery by giving urgently needed care, cultivating skills in local medical teams, and constructing centers of care in developing countries. The Foundation does it by raising funds specifically for this purpose.

Financial Statement Presentation

The financial statements that are presented are 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 on net assets: unrestricted, temporarily restricted assets and permanently restricted. The Organization had no permanently restricted net assets as of December 31, 2018 and 2017.

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 statement, 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.

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 estimate 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.

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 classified to unrestricted net assets.

In 2018, contribution from one major contributor accounted for 40% 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 2018 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 and Costa Rica. It provides funds and equipment to pediatric heart surgical and training missions.

Special Event

The Foundation organized a Gala dinner on May 3rd 2018. Revenue and expenses were as follows:

Revenue and support

Tickets	\$	125,813
Donations		39,550
Auction		99,768
Advertising		<u>1,000</u>
	\$	<u><u>266,132</u></u>

Direct benefit expenses

Food and catering	\$	<u><u>66,247</u></u>
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Indirect benefit expenses

Photography and video	\$	3,209
Bank services		2,347
Purchases Auction items		9,453
Non-recurring expenses		<u>4,445</u>
	\$	<u><u>19,454</u></u>

Net Revenue Special Event		<u><u>180,431</u></u>
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The Foundation designates certain gifts to function as endowment. The endowment is classified and reported as follows:

	Unrestricted	Restricted
Contributions	\$	\$ 40,000
Net investment income	<u>14,831</u>	
Endowment, end of year	<u><u>\$ 14,831</u></u>	<u><u>\$ 40,000</u></u>

Contributed services

The Foundation occupies a 100 square feet 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

We reviewed subsequent events as provided by the Foundation between 12/31/2018 and 9/9/2019 and have not found anything that would materially affect the financial statements.

Extraordinary Adjustments from prior years

Our audit is not based on checking what was done for previous audited years. But we believe that an error was made previously to reconcile the variation between two years on the “Unrestricted Net Assets”.

The adjustment of \$22,164 mentioned on “Statement of Activities for the Years ended December 31,2018 and 2017” (page 5) is to match the variation between 2018 and 2017 for the Balance Sheet Account “Net assets – Unrestricted”.

Variation unrestricted assets	2017 Balance	43,042
	2018 Balance	<u>-12,922</u>
		<u>55,964</u>
Increase (decrease) in Unrestricted Net Assets before Adjustments (from P&L figures)		33800
Extraordinary Adjustments		<u>22,164</u>

With this adjustment, Financial Statements 2018 audited are accurate.