

HELVETAS USA

FINANCIAL STATEMENTS
YEARS ENDING
DECEMBER 31, 2018 (AUDITED) AND
2017 (REVIEWED)

HELVETAS USA
FINANCIAL STATEMENTS
Years ending December 31, 2018 (Audited) and
December 31, 2017 (Reviewed)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Helvetas USA

We have audited the accompanying financial statements of Helvetas USA (a nonprofit organization) 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 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.

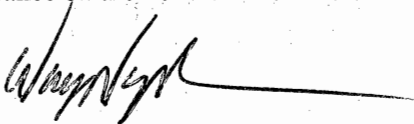
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helvetas USA 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.

Adjustments to Prior Period Financial Statements

The financial statements of Helvetas USA as of December 31, 2017 were reviewed by us and our report dated February 7, 2018 stated that we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis of expression of an opinion on the financial statements as a whole. As discussed in Note 7 to the financial statements, the Organization has adjusted its 2017 financial statement to correct the classification of a contribution received as unrestricted revenue as of December 31, 2017. Accordingly, the classification of the revenue has been restated in the 2017 financial statements now presented, and an adjustment has been made to the respective net asset classifications as of December 31, 2017 to correct the error.

As part of our audit of the 2018 financial statements, we also audited the adjustments to the 2017 financial statements to correct the error described in Note 7. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit or apply any procedures to Helvetas USA's 2017 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any form of assurance on the 2017 financial statements as a whole.



Wayne P. Naegele, CPA
New York, New York
March 15, 2019

HELVETAS USA
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 (Audited) and 2017 (Reviewed)

	December 31, 2018 (Audited)	December 31, 2017 (Reviewed)
<u>ASSETS</u>		
Cash and cash equivalents	\$ 97,476	\$ 61,745
Contributions receivable	12,048	13,516
Prepaid expenses	1,633	1,304
TOTAL ASSETS	\$ 111,157	\$ 76,565
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 6,838	\$ 6,150
Credit card payable	9,880	1,189
Payroll taxes payable	8,759	-
TOTAL LIABILITIES	25,477	7,339
<u>NET ASSETS</u>		
Without donor restrictions, restated	85,680	69,226
With donor restrictions	-	-
TOTAL NET ASSETS	85,680	69,226
TOTAL LIABILITIES AND NET ASSETS	\$ 111,157	\$ 76,565

HELVETAS USA
STATEMENTS OF ACTIVITIES
Year ending December 31, 2018 (Audited) and for
the year ending December 31, 2017 (Reviewed)

	Year ending December 31, 2018 (Audited)	Year ending December 31, 2017 (Reviewed)
UNRESTRICTED REVENUE		
Corporate contributions Switzerland	\$ 341,901	\$ 255,000
Individual and board member contributions	63,003	30,686
Public grants	1,315,339	464,283
SUBTOTAL	<u>1,720,243</u>	<u>749,969</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>1,720,243</u>	<u>749,969</u>
EXPENSES		
Program services	1,664,447	663,806
Management and general	39,342	22,168
TOTAL EXPENSES	<u>1,703,789</u>	<u>685,974</u>
INCREASE IN NET ASSETS	16,454	63,995
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>69,226</u>	<u>5,231</u>
NET ASSETS, END OF YEAR	<u>\$ 85,680</u>	<u>\$ 69,226</u>

See Independent Auditor's Report and Notes to Financial Statements

HELVETAS USA
STATEMENT OF FUNCTIONAL EXPENSES
Year ending December 31, 2018 (Audited)

	Program Services	Management and General	Year ending December 31, 2018 (Audited)
	<u> </u>	<u> </u>	<u> </u>
Grants	\$ 1,349,566	\$ -	\$ 1,349,566
Salaries	197,081	21,898	218,979
Consultants	22,465	2,496	24,961
Travel and meetings	18,931	2,103	21,034
Bank fees	346	464	810
Business registration fees	779	445	1,224
Advertising	5,379	598	5,977
Accounting	25,090	2,788	27,878
Dues and subscriptions	1,211	134	1,345
Conferences and meetings	11,385	1,265	12,650
Insurance	637	1,245	1,882
Legal fees	1,457	162	1,619
Occupancy costs	3,102	1,196	4,298
Office operation expenses	5,842	1,703	7,545
Office and health reimbursements	7,844	871	8,715
Payroll taxes	9,770	1,086	10,856
Payroll processing fees	2,460	766	3,226
Business expenses	1,102	122	1,224
	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u><u>\$ 1,664,447</u></u>	<u><u>\$ 39,342</u></u>	<u><u>\$ 1,703,789</u></u>

HELVETAS USA
STATEMENT OF FUNCTIONAL EXPENSES
Year ending December 31, 2017 (Reviewed)

	Program Services	Management and General	Year ending December 31, 2017 (Reviewed)
	<u> </u>	<u> </u>	<u> </u>
Grants	\$ 464,283	\$ -	\$ 464,283
Salaries	135,810	15,090	150,900
Consultants	270	30	300
Travel and meetings	27,635	3,071	30,706
Bank fees	327	36	363
Business registration fees	193	21	214
Accounting	13,219	1,469	14,688
Dues and subscriptions	1,889	210	2,099
Insurance	890	99	989
Legal fees	738	82	820
Meals and entertainment	488	54	542
Office operation expenses	608	68	676
Payroll taxes	9,508	1,055	10,563
Payroll processing fees	935	104	1,039
Support expenses	7,013	779	7,792
	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 663,806</u>	<u>\$ 22,168</u>	<u>\$ 685,974</u>

HELVETAS USA
STATEMENTS OF CASH FLOWS
Years ending December 31, 2018 (Audited) and
December 31, 2017 (Reviewed)

	Year ending December 31, 2018 <u>(Audited)</u>	Year ending December 31, 2017 <u>(Reviewed)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 16,454	\$ 63,995
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in operating assets:		
Contributions receivable	1,468	(13,516)
Prepaid expenses	(329)	(1,304)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	688	5,315
Credit card payable	8,691	146
Payroll taxes payable	8,759	-
Deferred income	-	(50,000)
	<u>35,731</u>	<u>4,636</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,731	4,636
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>61,745</u>	<u>57,109</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 97,476</u>	<u>\$ 61,745</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

No taxes or interest were paid by the Organization during the years ending December 31, 2018 and 2017.

HELVETAS USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (Audited) and 2017 (Reviewed)

NOTE 1 - NATURE OF ORGANIZATION

Helvetas USA (the "Organization") was incorporated in the State of Minnesota on December 17, 2014. The Organization was established to support poor and disadvantaged women, men and communities in developing countries in their efforts to improve living conditions, primarily by raising public awareness in the United States of HELVETAS Swiss Intercooperation and its global programs aimed at such purposes, and to raise funds and make grants in furtherance of such purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting generally accepted in the United States of America ("US GAAP"). Accordingly, revenues are recognized when earned rather than received and expenses are recognized when incurred rather than paid.

Adopted Accounting Standards Update

In 2018, the Organization adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 required significant changes to the financial statement reporting model for not-for-profit organizations. The changes include reducing the classes of net assets from three classes to two classes. ASU 2016-14 also will require changes to the way certain information is aggregated and reported by the Organization, including requiring disclosures about liquidity and availability of resources and increased disclosures about functional expenses. ASU 2016-14 must be applied on a retroactive basis. The adoption of ASU 2016-14 did not result in any reclassifications or restatements of net assets or changes in net assets.

Financial Statement Presentation

Under the requirements of ASU 2016- 14, the Organization reports its activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- Net Assets without Donor Restrictions—These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- Net Assets with Donor Restrictions—These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished, the net assets are restricted. There were no net assets with donor restrictions as of December 31, 2018 and 2017.

HELVETAS USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (Audited) and 2017 (Reviewed)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

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 and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Grants are allocated 100% to program expenses, while all other expenses are allocated as a 90 to 10 ratio between program and management and general, respectively. There were no fundraising expenses for the years ending December 31, 2018 and 2017.

Program Services are the activities that result in goods and services being distributed to beneficiaries pursuant to the Organization's mission.

Management and General includes all management and administrative functions, such as oversight, business management, general recordkeeping, budgeting and financing, but excludes direct conduct of program services and fundraising services.

Fundraising includes solicitation of contributions from individuals, organizations, and others. The Organization currently does not have any fundraising activities.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingencies, if any, at the date of the financial statements, and the revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of December 31, 2018 and 2017, the contributions receivable amounted to \$12,048 and \$13,516, respectively.

HELVETAS USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (Audited) and 2017 (Reviewed)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization has determined that there were no allowance was deemed necessary as of December 31, 2018 and 2017.

Revenue and Expenses

Revenue is recognized when it is promised by the donor. All other revenue is recognized when it is earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Income Taxes

The Organization was formed as a not-for-profit corporation under the provisions of Minnesota State law. The Organization is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. The Organization is also recognized as a foreign non-profit corporation in the District of Columbia and the State of New York and registered with the New York State Charities Bureau.

US GAAP require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service and state or local municipalities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) in the financial statements.

In general, the Organization's tax returns remain open for federal and state tax examinations up to three years after the date of filing.

Reclassifications

We have reclassified certain prior-period amounts in the comparative financial statements to conform to the current period presentation. The reclassifications have no effect to the change in net assets or total net assets.

NOTE 3 - DONATED GOODS AND SERVICES

The Organization received services from people who contribute their time. The Organization pays for most services requiring specific expertise. However, at times, individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs.

NOTE 4 - RISK AND UNCERTAINTIES

Cash

The Organization maintains its cash-in-bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization evaluates the financial strength and stability of the financial institution and it believes it is not exposed to any significant credit risk on cash and cash equivalents.

HELVETAS USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (Audited) and 2017 (Reviewed)

NOTE 5 - COMMITMENTS

In December 2018, the Organization entered into a monthly workstation service agreement for two desk office space. The agreement begins February 1, 2019 and will automatically renew on a monthly basis for consecutive periods of one month after each initial term as defined in the agreement, at an adjustment of 3% of the monthly workstation charge stated in the agreement commencing on the date that is twelve full calendar months after the date of the agreement. There were no balances due under the agreement as of December 31, 2018.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's primary sources of support are contributions. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. Donor-restricted support has historically funded approximately 100% of annual program and supporting activities. The Organization's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The Organization must disburse funds to Helvetas Switzerland based on date covered in their internal grant agreement.

As shown on the face of the statement of financial position, and summarized below, most of the Organization's financial assets are subject to donor-imposed restrictions on use:

Financial assets available within one year and free of donor restrictions:

Cash and cash equivalents	\$	97,476
Contributions receivable		<u>12,048</u>
	<u>\$</u>	<u>109,524</u>

NOTE 7 – PRIOR PERIOD ADJUSTMENT

Net assets as of the beginning the year have been adjusted to decrease an advance to Helvetas Switzerland of \$405,000. This amount was misrepresented in the prior year. As a result, assets with donor restrictions should have been released by \$405,000 for the year ending December 31, 2017. A summary of the adjustment is as follows:

		<u>Year ending</u>
		<u>December 31, 2017</u>
Net assets released from restrictions		
Net assets with donor restrictions	\$	(405,000)
Net assets without donor restrictions		<u>405,000</u>
Total	<u>\$</u>	<u>-</u>

The correction has no effect on the results of the current's year's activity. The comparative financial statements have been restated to reflect this change.

HELVETAS USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (Audited) and 2017 (Reviewed)

NOTE 8 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 15, 2019, the date in which the financial statements are available to be issued, and it has been determined that there were no subsequent events that need to be reported.