



Financial Statements  
December 31, 2017 and 2016  
**One Heart World-Wide**

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## Independent Auditor's Report

To the Board of Directors  
One Heart World-Wide  
San Francisco, CA

### Report on the Financial Statements

We have audited the accompanying financial statements of One Heart World-Wide, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses 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 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. 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 One Heart World-Wide as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Eide Bailly LLP*

Salt Lake City, Utah  
July 9, 2018

One Heart World-Wide  
Statements of Financial Position  
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,503,671	\$ 2,299,181
Prepaid expenses	8,070	3,010
Total current assets	2,511,741	2,302,191
Property and Equipment, Net	5,192	6,872
	\$ 2,516,933	\$ 2,309,063
Liabilities and Net Assets		
Current Liabilities		
Accrued liabilities	\$ 60,937	\$ 42,992
Total current liabilities	60,937	42,992
Net Assets		
Unrestricted	2,405,773	2,240,068
Temporarily restricted	50,223	26,003
	2,455,996	2,266,071
	\$ 2,516,933	\$ 2,309,063

One Heart World-Wide  
Statements of Activities  
Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Public support		
Contributions	\$ 1,993,093	\$ 1,600,157
In-kind donations	117,166	197,791
Other revenue	10,625	-
Special events, less direct cost of benefits to donors of \$0 and \$9,933 in 2017 and 2016, respectively	-	14,358
Total unrestricted public support	2,120,884	1,812,306
Net assets released from restrictions	460,314	860,657
	2,581,198	2,672,963
Expenses		
Program services	2,170,344	2,146,115
Supporting services		
Management and general	153,448	137,926
Fundraising and development	91,700	60,766
Total expenses	2,415,492	2,344,807
Change in Unrestricted Net Assets	165,706	328,156
Temporarily Restricted Net Assets		
Public support		
Contributions	484,533	353,231
Net assets released from restrictions	(460,314)	(860,657)
Change in Temporarily Restricted Net Assets	24,219	(507,426)
Change in Net Assets	189,925	(179,270)
Net Assets, Beginning of Year	2,266,071	2,445,341
Net Assets, End of Year	\$ 2,455,996	\$ 2,266,071

One Heart World-Wide  
Statement of Functional Expenses  
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising and Development	Total
Salaries, Benefits and Taxes	\$ 854,364	\$ 67,446	\$ 56,006	\$ 977,816
Professional Services	210,139	16,589	13,775	240,503
Rent and Utilities	54,848	4,330	3,595	62,773
Transportation and Lodging	63,913	5,045	4,190	73,148
Education and Training	437,406	4,246	-	441,652
Miscellaneous	19,923	18,315	22	38,260
Bank and Credit Card Fees	878	3,966	-	4,844
Telephone and Internet	13,079	1,032	857	14,968
Office Supplies	14,096	8,360	-	22,456
Birthing Center Work	448,703	-	-	448,703
Computer and Website	38,934	3,073	2,552	44,559
Meals and Entertainment	11,199	19,331	10,607	41,137
Insurance	1,394	1,599	-	2,993
Depreciation	1,468	116	96	1,680
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b>\$ 2,170,344</b>	<b>\$ 153,448</b>	<b>\$ 91,700</b>	<b>\$ 2,415,492</b>

One Heart World-Wide  
Statement of Functional Expenses  
Year Ended December 31, 2016

	Program Services	Management and General	Fundraising and Development	Total
Salaries, Benefits and Taxes	\$ 691,701	\$ 56,893	\$ 33,921	\$ 782,515
Aid and Assistance	20,449	-	-	20,449
Professional Services	191,123	15,720	9,373	216,216
Rent and Utilities	42,313	3,480	2,075	47,868
Transportation and Lodging	190,523	14,765	13,115	218,403
Education and Training	413,070	-	-	413,070
Cost of Direct Benefits to Donors	-	-	9,933	9,933
Printing and Publication	-	338	-	338
Miscellaneous	115	12,257	-	12,372
Bank and Credit Card Fees	-	3,689	-	3,689
Telephone and Internet	5,854	482	287	6,623
Office Supplies	87,073	19,042	-	106,115
Medical Supplies	459,322	-	-	459,322
Computer and Website	36,907	3,036	1,810	41,753
Meals and Entertainment	-	3,513	56	3,569
Insurance	5,018	4,493	-	9,511
Depreciation	2,647	218	129	2,994
	<u>2,146,115</u>	<u>137,926</u>	<u>70,699</u>	<u>2,354,740</u>
Less Expenses Included with Revenues on the Statement of Activities				
Cost of direct benefits to donors	-	-	(9,933)	(9,933)
	<u>-</u>	<u>-</u>	<u>(9,933)</u>	<u>(9,933)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 2,146,115</u>	<u>\$ 137,926</u>	<u>\$ 60,766</u>	<u>\$ 2,344,807</u>

One Heart World-Wide  
Statements of Cash Flows  
Years Ended December 31, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ 189,925	\$ (179,270)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	1,680	2,994
Changes in operating assets and liabilities		
Contributions receivable	-	50,000
Prepaid expenses	(5,060)	(1,184)
Accounts payable	-	(2,300)
Accrued liabilities	17,945	25,720
	204,490	(104,040)
Net Cash from (used for) Operating Activities		
	204,490	(104,040)
Net Change in Cash and Cash Equivalents		
	2,299,181	2,403,221
Cash and Cash Equivalents, Beginning of Year		
	\$ 2,503,671	\$ 2,299,181
Cash and Cash Equivalents, End of Year		



## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

One Heart World-Wide (the Organization) was organized as a nonprofit corporation in 2004. The Organization maintains its corporate offices in San Francisco, California. The Organization strives to provide simple training and medical supplies necessary to prevent birthing-related deaths in selected less developed regions of the world. During the years ended December 31, 2017 and 2016, the Organization's programs were focused in regions of Nepal. The Organization works with local communities and health providers to develop a culturally appropriate *Network of Safety* around mothers and infants to ensure that mothers and infants survive delivery and the first months of life. The mission of the Organization is to decrease maternal and neonatal mortality and morbidity in remote, rural areas of the world.

### **Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and 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 capital expenditures, permanent endowment, or other long-term purposes of the Organization are excluded from this definition.

### **Property and Equipment**

Property and equipment additions are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2017 and 2016.

## **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and board-designated endowment.

*Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors.

The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

## **Revenue and Revenue Recognition**

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.

## **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods and materials are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received (Note 6).

## **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## **Income Taxes**

The Organization is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

## **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 could be material.

## **Financial Instruments and Credit Risk**

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of the Organization's mission.

## **Subsequent Events**

The Organization has evaluated events through July 9, 2018, the date on which the financial statements were available to be issued.

**Note 2 - Property and Equipment**

Property and equipment consists of the following at December 31, 2017 and 2016:

	2017	2016
Office furniture and equipment	\$ 2,792	\$ 2,792
Computers	18,616	18,616
Medical equipment	21,000	21,000
Software	8,443	8,443
	50,851	50,851
Less accumulated depreciation	(45,659)	(43,979)
	\$ 5,192	\$ 6,872

**Note 3 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are designated for the following purposes:

	2017	2016
Network of safety	\$ 50,223	\$ 26,003

**Note 4 - Concentrations**

The following donors contributed over 10% of total public support for the years ended December 31, 2017 and 2016:

	2017	2016
Donor A	\$ 300,000	\$ -
Donor B	300,000	300,000
Donor C	200,000	300,000
Donor D	150,000	300,000

The Organization's operations and mission is centered in Nepal, a less developed region of the world. Its operations are heavily regulated and subject to the administrative directives, rules and regulations of the local and national governmental authorities of the regions. Such administrative directives, rules and regulations are subject to change by the same governmental authorities and such changes may occur with little or no notice.

The Organization maintains cash in foreign bank accounts in Nepal. In 2017 and 2016, there are eleven bank accounts in Nepal: one in U.S. dollars totaling \$92,981 and \$95,888 at December 31, 2017 and 2016, respectively; and ten accounts in the local currency totaling \$293,170 and \$86,526 U.S. dollars at December 31, 2017 and 2016, respectively. Each month, the Organization’s domestic office in San Francisco receives a monthly accounting of the funds from each foreign location in Nepal, which is then included in the monthly accounting of the Organization providing the domestic office with the ability to review and approve the foreign expenditures for the previous month. The amounts held in these foreign bank accounts are not insured, and are subject to risk as well as the rules and regulations of local governments in those countries. The Organization attempts to limit the amount of funds held in these foreign bank accounts to amounts that are needed in a relatively short time frame to meet the financial demands of the operations in each foreign location.

**Note 5 - Defined Contribution Retirement Plan**

The Organization sponsors a defined contribution retirement plan (the Plan). Full-time employees who have attained the age of 21 and who meet other eligibility requirements are eligible to participate in the Plan. The Organization matches 100% of eligible employee contributions up to an employee’s contribution of 5% of compensation. During the years ended December 31, 2017 and 2016, the Organization contributed \$15,026 and \$13,845 to the Plan, respectively.

**Note 6 - Donated Materials and Professional Services**

Donated professional services and materials received during the years ended December 31, 2017 and 2016 are as follows:

	Program Services	Management and General	and Development	Total
<u>December 31, 2017</u>				
Professional services	\$ 103,569	\$ 8,519	\$ 5,078	\$ 117,166
<u>December 31, 2016</u>				
Professional services	\$ 174,837	\$ 14,381	\$ 8,573	\$ 197,791