



# ONE HEART WORLD-WIDE

## Financial Statements

*For the Year Ended*  
*December 31, 2018*  
**With Independent Auditor's Report Thereon**

# ONE HEART WORLD-WIDE

(A California Not-For-Profit Corporation)  
December 31, 2018

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### **ONE HEART WORLD-WIDE**

1818 Pacheco Street

San Francisco, California 94116

Phone: 415-379-4762

Web Site Address: [www.oneheartworld-wide.org](http://www.oneheartworld-wide.org)

*REGALIA & ASSOCIATES*  
CERTIFIED PUBLIC ACCOUNTANTS



OFFICE: 925.314.0390  
WEB: WWW.MRCPA.COM

**CERTIFIED PUBLIC ACCOUNTANTS**  
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526  
DOUGLAS REGALIA, CPA  
LISA PARKER, CPA [inactive]  
JEANNINE REGALIA, CPA  
LISA CLOVEN, CPA  
JENNY SO, CPA  
JENNIFER JENSEN  
MALEEHA MAHMOOD  
ANITA EVANS  
DANA CHAVARRIA, CPA  
TRICIA WILSON  
VALERIE REGALIA, CPA  
WENDY THOMAS, CPA  
JANICE TAYLOR, CPA  
RACHEL BERGER, CPA  
KIM CHAVARRIA  
MARIANNE RYAN

## INDEPENDENT AUDITORS' REPORT

### The Board of Directors One Heart World-Wide

We have audited the accompanying financial statements of One Heart World-Wide (a California nonprofit organization) which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and changes in net assets, cash flows and functional expenses 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 One Heart World-Wide as of December 31, 2018 and 2017, 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.

Danville, California  
June 10, 2019

**ONE HEART WORLD-WIDE**

**Statement of Financial Position  
December 31, 2018**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 1,707,574
Accounts and grants receivable	643,020
Prepaid expenses and other assets	32,179
Total current assets	<u>2,382,773</u>

Accounts and grants receivable	291,943
Property and Equipment, Net	3,116
Right of use asset - premises	31,150
Total noncurrent assets	<u>326,209</u>

Total assets	<u>\$ 2,708,982</u>
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**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable and accrued liabilities	\$ 47,587
Accrued payroll liabilities	108,231
Lease payable - current portion	8,714
Total current liabilities	<u>164,532</u>

Noncurrent liabilities:

Lease payable - noncurrent portion	<u>22,436</u>
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Net assets:

Without donor restrictions	1,420,780
With donor restrictions	1,101,234
Total net assets	<u>2,522,014</u>

Total liabilities and net assets	<u>\$ 2,708,982</u>
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**ONE HEART WORLD-WIDE**

**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2018**

<i>Changes in net assets:</i>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenue and support:			
Contributed income:			
Foundation and corporate grants	\$ 576,433	\$ 2,118,216	\$ 2,694,649
Individual donations	276,691	87,630	364,321
In-kind contributions	174,371	-	174,371
Net assets released from restrictions	1,515,091	(1,515,091)	-
Total contributed income	2,542,586	690,755	3,233,341
Earned revenue:			
Interest income	918	-	918
Other income	8	-	8
Total earned revenue	926	-	926
Total revenue and support	2,543,512	690,755	3,234,267
Expenses:			
Program expenses	3,047,737	-	3,047,737
General and administrative	381,768	-	381,768
Fundraising	99,000	-	99,000
Total expenses	3,528,505	-	3,528,505
Increase (decrease) in net assets	(984,993)	690,755	(294,238)
Net assets at beginning of year	2,405,773	50,223	2,455,996
Prior period adjustment	-	360,256	360,256
Net assets at end of year	\$ 1,420,780	\$ 1,101,234	\$ 2,522,014

**ONE HEART WORLD-WIDE**

**Statement of Cash Flows  
Year Ended December 31, 2018**

*Operating activities:*

Decrease in net assets	\$ (294,238)
Adjustments to reconcile to cash provided by operating activities:	
Depreciation	2,076
Prior period adjustment	360,256
Changes in:	
Accounts and grants receivable	(767,025)
Prepaid expenses and other assets	(24,109)
Accounts payable and accrued liabilities	(13,350)
Accrued payroll liabilities	108,231
Cash used for operating activities	<u>(628,159)</u>

*Investing activities:*

Recording of right of use asset - premises	(31,150)
Cash used for investing activities	<u>(31,150)</u>

*Financing activities:*

Recording of lease payable related to premises	31,150
Cash provided by financing activities	<u>31,150</u>

Net decrease in cash and cash equivalents	(628,159)
Cash and cash equivalents at beginning of year	<u>2,335,733</u>
Cash and cash equivalents at end of year	<u>\$ 1,707,574</u>

*Additional cash flow information:*

State registration taxes paid	<u>\$ 150</u>
Interest and finance charges paid	<u>\$ -</u>

**ONE HEART WORLD-WIDE**

**Statement of Functional Expenses  
Year Ended December 31, 2018**

	<b>Program Services</b>	<b>General and Admin- istrative</b>	<b>Fund- raising</b>	<b>Total</b>
Bank and Credit Card Fees	\$ 337	\$ 3,130	\$ -	\$ 3,467
Birthing Center Work	639,575	-	-	639,575
Business Development	12,956	18,177	28,491	59,624
Computer and Website	42,831	6,261	-	49,092
Depreciation	-	2,076	-	2,076
Education and Training	787,437	10,898	-	798,335
Insurance	208	15,555	-	15,763
Miscellaneous	18,188	18,390	-	36,578
Office Supplies	11,882	4,930	-	16,812
Professional Services	264,940	106,520	941	372,401
Rent and Utilities	28,413	48,221	-	76,634
Salaries, Benefits and Taxes	1,211,569	53,929	69,074	1,334,572
Telephone and Internet	7,429	7,223	-	14,652
Transportation and Lodging	21,972	86,458	494	108,924
<b>Totals</b>	<b>\$ 3,047,737</b>	<b>\$ 381,768</b>	<b>\$ 99,000</b>	<b>\$ 3,528,505</b>

## Notes to Financial Statements December 31, 2018 and 2017

### 1. Organization

One Heart World-Wide was organized as a nonprofit corporation in 2004 and maintains its corporate office in San Francisco, California. One Heart World-Wide strives to provide simple training and medical supplies necessary to prevent birthing-related deaths in selected less developed regions of the world.

The mission of One Heart World-Wide is to decrease maternal and neonatal mortality and morbidity in remote, rural areas of the world.

During the year ended December 31, 2018, the Organization's programs were focused in regions of Nepal. One Heart World-Wide 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.

### 2. Summary of Significant Accounting Policies

**Basis of presentation** - The financial statements of One Heart World-Wide have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

**Measure of operations** - The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to One Heart World-Wide's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

**Cash and cash equivalents** - One Heart World-Wide's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

**Concentrations of credit risk** - Financial instruments that potentially subject One Heart World-Wide to concentrations of credit risk consist principally of cash and cash equivalents and deposits. One Heart World-Wide maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. One Heart World-Wide manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, One Heart World-Wide has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of One Heart World-Wide's mission.



Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

**Receivables and Credit Policies** - One Heart World-Wide determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

**Accounts and Contributions Receivable** - One Heart World-Wide records contributions receivable that are expected to be collected within one year at net realizable value. When material, contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the statement of activities. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible.

**Property and Equipment** - One Heart World-Wide's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets.

Costs of maintenance and repairs are expensed currently. One Heart World-Wide reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or 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. One Heart World-Wide has determined that no long-lived assets were impaired during the year ended December 31, 2018.

**Fair value measurements** - Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). One Heart World-Wide groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

*(continued)*

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

**Net Assets** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Thus, 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 the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, but it has opted not to do so as of December 31, 2018.

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 can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires us 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.

Notes to Financial Statements

2. **Summary of Significant Accounting Policies** *(continued)*

**Revenue and Revenue Recognition** - 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. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided.

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 received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

**Donated Services and In-Kind Contributions** - Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. One Heart World-Wide received donated professional services of \$174,371 for the year ended December 31, 2018. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statement of activities and statements of functional expenses.

Volunteers contribute significant amounts of time to our 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.

**Functional Expenses** – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, rent and utilities, insurance, and other overhead) have been allocated based on time and effort using One Heart World-Wide’s payroll allocations. Other expenses (such as professional services and other direct costs) have been allocated in accordance with the specific services received from vendors.

**Reclassifications** - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

# ONE HEART WORLD-WIDE

## Notes to Financial Statements

### 2. Summary of Significant Accounting Policies *(continued)*

**Income Taxes** - One Heart World-Wide is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. One Heart World-Wide is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. One Heart World-Wide is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the year ended December 31, 2018.

One Heart World-Wide has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that One Heart World-Wide continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

**Recent and Relevant Accounting Pronouncements** - The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2017:

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. One Heart World-Wide has adjusted the presentation of these statements accordingly.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) Accounting for Leases, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, ASU No. 2018-10, and ASU No. 2018-11. This new pronouncement is effective for fiscal years beginning after December 15, 2019, but One Heart World-Wide has elected early implementation.

The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of May 31, 2019 (the date of the Independent Auditors' Report), One Heart World-Wide management has made this evaluation and has determined that One Heart World-Wide has the ability to continue as a going concern.