HELVETAS USA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

MULLINS P.C.
A CPA firm dedicated to serving nonprofits

Independent Auditors' Report

Board of Directors
Helvetas USA
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Helvetas USA (the Organization), which comprise the statement of financial position as of December 31, 2019 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 auditors consider internal control relevant to the Organization'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 Organization'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.

Board of Directors
Helvetas USA

Report on the Financial Statements (Continued)

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, 2019, 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.

Report on Summarized Comparative Information

The summarized financial information of Helvetas USA as of and for the year ended December 31, 2018 was audited by other auditors whose report dated March 15, 2019, expressed an unmodified opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers, as amended, and Accounting Standards Update 2018-08, Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, in 2019. Our opinion is not modified with respect to these matters.

Mullin PC

Bethesda, Maryland
February 12, 2020

Certified Public Accountants

Helvetas USA

Statement of Financial Position
December 31, 2019
With Comparative Totals as of December 31, 2018

		2019		2018
Assets				
Current Assets				
Cash	**$**	**242,878**	$	97,476
Contributions Receivable		**15,000**		12,048
Prepaid Expenses		**1,992**		1,633
Total Assets	**$**	**259,870**	$	111,157
Liabilities and Net Assets				
Liabilities				
Accounts Payable and Accrued Expenses	**$**	**26,010**	$	6,838
Credit Card Payable		**141**		12,123
Payroll Taxes Payable		**7,029**		6,516
Total Liabilities		**33,180**		25,477
Net Assets				
Without Donor Restrictions		**226,690**		85,680
Total Net Assets		**226,690**		85,680
Total Liabilities and Net Assets	**$**	**259,870**	$	111,157

See accompanying Notes to Financial Statements

Helvetas USA

Statement of Activities
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019	2018
Support and Revenues		
Corporate Contributions from Switzerland	**$ 676,349**	$ 341,901
Individual and Board Member Contributions	**45,891**	63,003
Foundation Contributions and Grants	**2,839,992**	1,315,339
Interest and Dividends	**30**	-
Total Support and Revenues	**3,562,262**	1,720,243
Expenses		
Program Services	**3,119,757**	1,664,447
Supporting Services		
General and Administrative	**131,699**	39,342
Fundraising	**169,796**	-
Total Supporting Services	**301,495**	39,342
Total Expense	**3,421,252**	1,703,789
Change in Net Assets	**141,010**	16,454
Net Assets, Beginning of Year	**85,680**	69,226
Net Assets, End of Year	**$ 226,690**	85,680

See accompanying Notes to Financial Statements

Helvetas USA

Statement of Functional Expenses
For The Year Ended December 31, 2019
With Comparative Totals For the Year Ended December 31, 2018

	2019				2018
	Program Services	General and Administrative	Fundraising	**Total**	Total
Grants	$ 2,840,492	$ -	$ -	**$ 2,840,492**	$ 1,349,566
Personnel Costs	168,896	81,501	105,076	**355,473**	242,498
Professional Services	58,922	28,433	36,657	**124,012**	54,458
Travel and Meetings	16,333	7,881	10,161	**34,375**	21,034
Dues and Subscriptions	14,153	6,829	8,805	**29,787**	1,345
Conferences and Meetings	6,946	3,352	4,321	**14,619**	12,650
Office Expense	5,034	2,429	3,133	**10,596**	10,803
Advertising	6,339	-	-	**6,339**	5,977
Occupancy	1,852	893	1,152	**3,897**	4,298
Insurance	790	381	491	**1,662**	1,160
Total	$ 3,119,757	$ 131,699	$ 169,796	**$ 3,421,252**	$ 1,703,789

See Accompanying Notes to Financial Statements

Helvetas USA

Statement of Cash Flows
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019	2018
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	**$ 141,010**	$ 16,454
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities		
(Increase) Decrease in Assets		
Contributions Receivable	**(2,952)**	1,468
Prepaid Expenses	**(359)**	(329)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	**19,172**	688
Credit Card Payable	**(11,982)**	8,691
Payroll Taxes Payable	**513**	8,759
Net Cash Provided by (Used in) Operating Activities	**145,402**	35,731
Increase (Decrease) in Cash	**145,402**	35,731
Cash, Beginning of Year	**97,476**	61,745
Cash, End of Year	**$ 242,878**	$ 97,476

See accompanying Notes to Financial Statements

1. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

There were no net assets with donor restrictions as of December 31, 2019.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Adopted Accounting Pronouncements

During fiscal 2019, the Organization adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958)*: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The guidance provided in this ASU will assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and whether a contribution is conditional. As required by ASU 2018-08, the Organization applied the requirements on a modified prospective basis to agreements that either are not completed as of January 1, 2019 or entered into after January 1, 2019. Upon adoption of ASU 2018-08, the Organization determined that certain grants and contracts previously treated as exchange transactions meet the new definition of conditional contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted Accounting Pronouncements (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* ASU 2014-09 requires an entity to recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity is expected to be entitled in exchange for those goods or services. On January 1, 2019, the Organization adopted ASU 2014-09, using the modified retrospective approach. The Organization applied the five-step revenue model stipulated by ASC 606 to all of its significant revenue streams in order to determine when revenue is earned and recognized. The five-step model requires the Organization to 1) identify contracts with customers, 2) identify performance obligations related to those contracts, 3) determine the transaction price, 4) allocate that transaction price to each performance obligation, and 5) recognize revenue when or as the Organization satisfies a performance obligation.

The adoption of this ASU did not materially impact the timing or amount of revenue recognized by the Organization in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Property and Equipment

Property and equipment are capitalized at cost if unit costs exceed $2,000. Otherwise the items are expensed when paid, including repairs and maintenance. Depreciation and amortization is computed on the straight-line method over the estimated useful lives ranging from three to twenty years. There was no property and equipment as of December 31, 2019.

Revenue Recognition

Grants, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when conditions under the agreements are met. The Organization has elected the simultaneous release policy available under ASU 2018-08 for donor-restricted contributions that were initially conditional contributions, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Revenue)

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field. Management considers all outstanding contributions receivable amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

For grants treated as contributions, the Organization had approximately $2,500,000 in unrecognized conditional contributions as of December 31, 2019. The revenue related to these awards is conditioned on constructing a specific number of water point outputs as outlined in the grant agreements and is expected to be recognized as revenue in the following fiscal year.

Functional 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. Direct costs, where identifiable, are allocated in whole to the appropriate functional category. Occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services based on employee time and effort.

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.

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.

The Organization requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, and uncertain tax positions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for at December 31, 2019.

The Organization's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during 2019.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2021.

Subsequent Events

Management has evaluated subsequent events through February 12, 2020 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in banks insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. As of December 31, 2019, the Organization's balances did not exceed the FDIC insured limit.

4. NET ASSETS

There were no net assets with purpose donor restrictions as of December 31, 2019 because the Organization has elected the simultaneous release policy, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

Net assets without donor restrictions as of December 31, 2019 were undesignated.

5. COMMITMENTS

In December 2019, the Organization entered into a one-year sub-lease for office space beginning January 1, 2020. As of December 31, 2019, the amounts due under the lease were $13,200.

Rent expense for the year ended December 31, 2019 was $3,897.

6. RELATED PARTY TRANSACTIONS

The Organization is affiliated with Helvetas Swiss Intercooperation (HSI), an international network of independent affiliate member organizations working in development cooperation and emergency response.

During the year ended December 31, 2019, the Organization granted $2,840,492 to HSI to support international programs. During the year ended December 31, 2019, HSI contributed $676,349 to support the Organization's general operations. As of December 31, 2019, there were no receivables or payables.

7. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2019:

Financial Assets at Year End:	
Cash	$ 242,878
Contributions Receivable	15,000
Total Financial Assets	257,878
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	-
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	-
Board-Designated Funds	-
	-
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$ 257,878

As part of the Organization's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.