

NPH USA, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2018 AND 2017



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**NPH USA, INC. AND AFFILIATE
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YEARS ENDED DECEMBER 31, 2018 AND 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
NPH USA, Inc. and Affiliate
Chicago, Illinois

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NPH USA, Inc. and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of NPH USA, Inc. and Affiliate as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2018, NPH USA, Inc. and Affiliate adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Oak Brook, Illinois
August 16, 2019

NPH USA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 6,268,625	\$ 6,179,002
Pledges Receivable, Net of Allowance for Uncollectible Pledges of \$14,860 in 2018 and \$8,555 in 2017	81,912	689,071
Prepaid Expenses	181,022	159,164
Investments	12,874,041	14,088,322
Beneficial Interest in Perpetual Trusts	2,478,119	2,789,126
Beneficial Interest in Land Trust	150,000	150,000
Fixed Assets, Net	315,611	265,798
Other Assets	32,983	32,948
	\$ 22,382,313	\$ 24,353,431
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 411,662	\$ 671,692
Accrued Expenses and Other Liabilities	502,068	509,939
Total Liabilities	913,730	1,181,631
NET ASSETS		
Without Donor Restrictions	4,912,033	4,349,983
With Donor Restrictions	16,556,550	18,821,817
Total Net Assets	21,468,583	23,171,800
Total Liabilities and Net Assets	\$ 22,382,313	\$ 24,353,431

See accompanying Notes to Consolidated Financial Statements.

**NPH USA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support:		
Contributions	\$ 12,413,901	\$ 12,998,037
Bequests	1,477,493	913,486
Donated Materials	2,112,082	1,654,076
Special Events	2,586,238	2,321,068
Revenue:		
Interest and Dividends	48,821	9,332
Unrealized Gain (Loss)	(843)	27,721
Realized Gain	688	853
Distributions from Beneficial Interest in Trusts	117,958	84,763
Miscellaneous	-	51,604
Net Assets Released from Restrictions	1,373,072	1,693,410
Total Support and Revenue	20,129,410	19,754,350
Expenses:		
Program Services	15,281,575	15,044,909
Management and General	1,554,478	1,314,605
Fundraising	2,731,307	2,638,576
Total Expenses	19,567,360	18,998,090
Increase in Net Assets Without Donor Restrictions	562,050	756,260
NET ASSETS WITH DONOR RESTRICTIONS		
Revenue:		
Contributions	229,892	475,638
Interest and Dividends	219,601	202,088
Unrealized Gain (Loss)	(1,261,123)	945,331
Realized Gain	230,442	692,130
Change in Value of Perpetual Trusts	(311,007)	222,470
Net Assets Released from Restrictions	(1,373,072)	(1,693,410)
Increase (Decrease) in Net Assets With Donor Restrictions	(2,265,267)	844,247
CHANGE IN NET ASSETS	(1,703,217)	1,600,507
Net Assets - Beginning of Year	23,171,800	21,571,293
NET ASSETS - END OF YEAR	\$ 21,468,583	\$ 23,171,800

See accompanying Notes to Consolidated Financial Statements.

NPH USA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 954,181	\$ 582,667	\$ 1,262,689	\$ 1,845,356	\$ 2,799,537
Payroll Taxes	78,804	48,121	104,282	152,403	231,207
Employee Benefits	85,562	57,836	113,224	171,060	256,622
Total	<u>1,118,547</u>	<u>688,624</u>	<u>1,480,195</u>	<u>2,168,819</u>	<u>3,287,366</u>
Support to Orphanages - NPHI:					
Operations - Direct Support	8,249,907	-	-	-	8,249,907
Operations - Designated and Sharing	3,129,904	-	-	-	3,129,904
Donated Materials and Supplies	2,112,082	-	-	-	2,112,082
Total	<u>13,491,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,491,893</u>
Bank and Credit Card Fees	-	6,180	165,014	171,194	171,194
Cultivation	-	-	45,353	45,353	45,353
Bad Debt Expense	-	8,220	-	8,220	8,220
Depreciation and Amortization	-	104,629	-	104,629	104,629
Dues and Subscriptions	-	6,621	-	6,621	6,621
Employee Search and Benefits	-	30,497	-	30,497	30,497
Event Supplies	-	-	635,063	635,063	635,063
Hospitality and Meals	-	74,751	-	74,751	74,751
Insurance	-	33,732	-	33,732	33,732
Donated Stock Fees	-	323	-	323	323
Licenses and Fees	-	76,946	-	76,946	76,946
Occupancy	-	327,734	-	327,734	327,734
Office Equipment	-	26,457	-	26,457	26,457
Office Supplies	-	32,369	32,370	64,739	64,739
Outside Services	38,240	37,547	57,600	95,147	133,387
Postage and Shipping	21,948	21,948	43,896	65,844	87,792
Professional Fees	-	26,667	-	26,667	26,667
Marketing	-	-	131,526	131,526	131,526
Promotion	-	-	4,673	4,673	4,673
Telecommunications	-	17,913	17,912	35,825	35,825
Training and Seminars	-	4,230	-	4,230	4,230
Travel	400,617	29,090	117,705	146,795	547,412
Travel Program	182,250	-	-	-	182,250
Miscellaneous	28,080	-	-	-	28,080
Total	<u>671,135</u>	<u>865,854</u>	<u>1,251,112</u>	<u>2,116,966</u>	<u>2,788,101</u>
Total Functional Expenses	<u>\$ 15,281,575</u>	<u>\$ 1,554,478</u>	<u>\$ 2,731,307</u>	<u>\$ 4,285,785</u>	<u>\$ 19,567,360</u>

See accompanying Notes to Consolidated Financial Statements.

NPH USA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 927,859	\$ 559,080	\$ 1,198,065	\$ 1,757,155	\$ 2,685,014
Payroll Taxes	73,989	44,582	95,534	140,116	214,105
Employee Benefits	71,413	48,272	92,208	140,480	211,893
Total	<u>1,073,261</u>	<u>651,934</u>	<u>1,385,807</u>	<u>2,037,751</u>	<u>3,111,012</u>
Support to Orphanages - NPHI:					
Operations - Direct Support	7,703,066	-	-	-	7,703,066
Operations - Designated and Sharing	3,863,595	-	-	-	3,863,595
Donated Materials and Supplies	1,654,076	-	-	-	1,654,076
Total	<u>13,220,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,220,737</u>
Bank and Credit Card Fees	-	5,900	146,301	152,201	152,201
Consulting and Outside Services	-	2,200	7,160	9,360	9,360
Cultivation	-	-	28,196	28,196	28,196
Bad Debt Expense	-	4,221	-	4,221	4,221
Depreciation and Amortization	-	53,801	-	53,801	53,801
Dues and Subscriptions	-	3,706	-	3,706	3,706
Employee Search and Relocation	-	37,279	-	37,279	37,279
Event Supplies	-	-	521,208	521,208	521,208
Hospitality and Meals	-	82,235	-	82,235	82,235
Insurance	-	41,038	-	41,038	41,038
Investment Fees	-	1,165	-	1,165	1,165
Licenses and Fees	-	73,802	-	73,802	73,802
Occupancy	83,667	88,619	134,000	222,619	306,286
Office Equipment	-	30,941	-	30,941	30,941
Office Supplies	-	29,228	29,229	58,457	58,457
Outside Services	27,204	78,565	43,200	121,765	148,969
Postage and Shipping	18,504	18,504	37,008	55,512	74,016
Professional Fees	10,615	26,813	-	26,813	37,428
Program Education and Marketing	-	-	97,539	97,539	97,539
Promotion	-	-	11,885	11,885	11,885
Repair and Maintenance	-	10,558	-	10,558	10,558
Telecommunications	-	33,596	33,597	67,193	67,193
Training and Seminars	-	11,431	-	11,431	11,431
Travel	385,406	29,059	163,446	192,505	577,911
Travel Program	174,265	-	-	-	174,265
Miscellaneous	51,250	-	-	-	51,250
Total	<u>750,911</u>	<u>662,661</u>	<u>1,252,769</u>	<u>1,915,430</u>	<u>2,666,341</u>
Total Functional Expenses	<u>\$ 15,044,909</u>	<u>\$ 1,314,595</u>	<u>\$ 2,638,576</u>	<u>\$ 3,953,181</u>	<u>\$ 18,998,090</u>

See accompanying Notes to Consolidated Financial Statements.

**NPH USA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,703,217)	\$ 1,600,507
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Provision for Bad Debts	8,220	4,221
Depreciation and Amortization	104,629	53,801
Realized Gain on Investments	(231,130)	(692,983)
Unrealized (Gain) Loss on Investments	1,261,966	(973,052)
Change in Value of Perpetual Trusts	311,007	(222,470)
Contributions Restricted to Endowment	(203,690)	(309,728)
(Increase) Decrease in:		
Pledges Receivable	598,939	365,892
Prepaid Expenses and Other Assets	(21,893)	(116,658)
Increase (Decrease) in:		
Accounts Payable	(260,030)	(451,204)
Accrued Expenses and Other Liabilities	(7,871)	221,799
Net Cash Used by Operating Activities	(143,070)	(519,875)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Software	(154,442)	(173,658)
Proceeds from Sales and Maturities of Investments	1,807,324	2,156,414
Purchase of Investments	(1,623,879)	(1,410,151)
Net Cash Provided by Investing Activities	29,003	572,605
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted to Endowment	203,690	309,728
NET INCREASE IN CASH AND CASH EQUIVALENTS	89,623	362,458
Cash and Cash Equivalents - Beginning of Year	6,179,002	5,816,544
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,268,625	\$ 6,179,002

See accompanying Notes to Consolidated Financial Statements.

**NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

NPH USA, Inc. was organized as an Illinois nonprofit corporation on June 29, 2004. NPH USA, Inc. is organized and operated exclusively for charitable and educational purposes. NPH USA, Inc. is dedicated to improving the lives of orphaned, abandoned, and disadvantaged children through its support of the Nuestros Pequeños Hermanos International, A.C. (NPHI) network of orphanages in Latin America and the Caribbean.

Father Wasson Legacy Endowment, Inc. (FWLEI) is a nonprofit endowment described in Section 501(c)(3) of the Internal Revenue Code (IRC). FWLEI is organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of NPH USA, Inc., its sole member.

Significant accounting policies followed by NPH USA, Inc. and FWLEI are presented below.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of NPH USA, Inc. and FWLEI, collectively known as the Organization. Interorganization transactions and balances have been eliminated in consolidation.

Consolidated Financial Statement Presentation

Consolidated financial statement presentation follows accounting principles generally accepted in the United States of America for nonprofit organizations. Accounting principles generally accepted in the United States of America requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions defined as follows:

Net Assets Without Donor Restrictions – Those resources over which the board of directors (board) has discretionary control.

Net Assets With Donor Restrictions – Net assets subject to donor-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 are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents are comprised of demand deposits and money market accounts. The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Financial instruments that potentially subject the Organization to a concentration of credit risk consist of cash deposits. The Organization maintains bank accounts at several local banks that are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, cash balances may exceed federally insured limits; however, the Organization has not experienced any losses in such accounts and limits the exposure to credit risk by maintaining its cash and cash equivalents in highly reputable institutions.

Pledges Receivable

Contributions are recognized when the donor makes a pledge to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the consolidated statements of activities.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interests in Trusts

Beneficial interests in trusts consist of assets held in perpetual trusts and a beneficial noninterest in a land trust.

Beneficial Interests in Perpetual Trust

The Organization is the beneficiary of two perpetual trusts held by a third party. Under the terms of the trusts, the Organization has the irrevocable right to receive the income generated by the trust in perpetuity. The beneficial interest in the perpetual trusts is recorded at fair value as based on the fair value of the trust assets. Changes in net assets of the trusts are recorded as gain or losses (change in value of trusts) on the consolidated statements of activities. Net assets and changes in the net assets are recorded as with donor restrictions. Distributions received from these trusts are recorded as income with or without donor restrictions, in accordance with the respective trust agreements.

Beneficial Interest in Land Trust

The Organization is the beneficiary of a land trust held by a third party. Under the terms of the trust, the Organization has the irrevocable right to receive 25% of the income generated by the trust. The beneficial interest in the land trust is recorded at fair value as based on the fair value of the trust property. Changes in net assets of the trust are recorded as gains or losses (change in value of trusts) on the consolidated statements of activities. Net assets and changes in the net assets are recorded as with donor restrictions. Distributions received from this trust are recorded as income without donor restrictions.

Fixed Assets

Furniture, equipment, and vehicles are stated at cost or estimated value if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, generally five years. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Materials

Donated services are recognized for those that improve or enhance property and equipment (as contributions and increases to the basis of property and equipment) or for those that require specialized skills (as contributions and expenses), are performed by people with those skills, and would otherwise be purchased by the Organization.

Donations of materials and noncash assets are recorded as contributions at their estimated fair value at the date of donation. Such donations are recorded as increases in net assets without donor restrictions unless the donor has restricted the donated materials to a specific purpose. Donated materials are expensed as program supplies. Donated noncash assets are recorded in accordance with the Organization's capitalization policy and depreciated if required.

Although highly valued by the Organization, contributions of time and services provided by many volunteers do not meet the criteria for recognition and, therefore, are not recognized in the consolidated financial statements.

Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributable to program or a supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort. Direct program support includes direct financial support to homes affiliated with NPHI, which then utilizes those financial resources to improve the lives of disadvantaged children. Costs include program supplies, travel, and consulting program expense. Those of an administrative nature coded directly to the supporting functions include depreciation, some occupancy, insurance, meeting expenses, credit card fees, etc.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Organization has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the consolidated statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as the U.S. Treasury, and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 1 includes various mutual funds, collective funds, and U.S. Treasury futures.

Level 2 – Financial assets and liabilities are valued using inputs quoted prices for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, gold futures, and corporate debt securities.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds, and real estate, as well as beneficial interests in trusts.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is a nonprofit organization exempt from paying corporate federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). It has been classified as an organization that is not a private foundation under the IRC and charitable contributions by donors are tax deductible.

The Organization has evaluated its tax positions and determined it has no uncertain tax positions at December 31, 2018 and 2017.

Liquidity

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other commitments come due. Financial assets available as of December 31, 2018 to meet cash needs for general expenditures are as follows:

Cash and Cash Equivalents	\$ 6,268,625
Pledges Receivable, Net, Due Within One Year	80,108
Investments Not Subject to Perpetual Donor Restrictions totaling \$11,389,770	<u>1,484,271</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 7,833,004</u>

The Organization also has beneficial interests in perpetual and land trusts that generate income that may be made available to supplement liquidity needs. For the year ended December 31, 2018, the Organization recognized \$117,958 of income from these trusts.

The Organization has a goal to maintain financial assets consisting of cash and short-term investments on hand to meet approximately three months of budgeted expenses. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments including certificates of deposit and short-term treasury instruments.

Adoption of New Accounting Standard

In 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit entities (Topic 958): Presentation of Financial statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the consolidated financial statements and notes to the consolidated financial statements about a nonprofit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classifications.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition for disclosure through August 16, 2019, the date the consolidated financial statements were available to be issued.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for annual periods beginning after December 15, 2018.

Clarifying Scope and the Accounting Guidance for Contributions

In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This amended guidance distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in Subtopic 958-605, Not-for-Profit Entities-Revenue Recognition, should be followed. For exchange transactions, Topic 606, Revenue from Contracts with Customers, should be followed. In addition, once a transaction is deemed to be a contribution, this amended guidance assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. The guidance should be applied on a modified prospective basis. As a resource recipient, the guidance will be effective for the Organization for the year ending December 31, 2019.

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2019.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2018 and 2017 consist of time-restricted contributions from various donors to support ongoing operations and the NPHI network of orphanages in Latin America. Pledges receivable consist of the following at December 31:

	2018	2017
Pledges Receivable Due:		
In Less than One Year	\$ 94,968	\$ 639,652
In One to Five Years	1,804	57,974
Total	96,772	697,626
Less: Allowance for Uncollectible Pledges	(14,860)	(8,555)
Total Pledges Receivable	\$ 81,912	\$ 689,071

Pledges expected to be received in more than one year from the statements of financial position date are discounted to present value. At December 31, 2018 and 2017, any related present value discount was considered insignificant.

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

	2018	2017
Common Stocks	\$ 9,656,391	\$ 10,730,637
Fixed Income Government Agencies	1,561,209	1,271,854
Exchange Traded Funds:		
Fixed Income	908,075	866,147
Mutual Funds	748,366	1,219,684
Total Investments	\$ 12,874,041	\$ 14,088,322

Investment management fees incurred during the years ended December 31, 2018 and 2017 totaled \$104,263 and \$100,026, respectively.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 FIXED ASSETS

Fixed assets consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Furniture and Equipment	\$ 672,851	\$ 518,409
Less: Accumulated Depreciation and Amortization	(357,240)	(252,611)
Total Fixed Assets	<u>\$ 315,611</u>	<u>\$ 265,798</u>

Depreciation and amortization expense charged to operations for the years ended December 31, 2018 and 2017 totaled \$104,629 and \$53,801, respectively.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available at December 31, 2018 and 2017 for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Subject to the Passage of Time:		
Beneficial Interest in Land Trust	\$ 150,000	\$ 150,000
Pledges Receivable Not Restricted by Donors	81,912	689,071
	<u>231,912</u>	<u>839,071</u>
Endowments:		
Subject to Appropriation and Expenditure When A Specified Event Occurs	2,456,748	4,007,540
Subject to Endowment Distribution Policy and Appropriation:		
General Fund	11,278,399	11,076,309
Medical Fund	44,535	44,535
Education Fund	44,535	44,535
Hightower/Kloos Legacy Fund	22,302	20,701
Total Endowments	<u>13,846,519</u>	<u>15,193,620</u>
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Perpetual Trusts	2,478,119	2,789,126
Total Net Assets With Donor Restrictions	<u>\$ 16,556,550</u>	<u>\$ 18,821,817</u>

Endowment net assets with permanent donor restrictions consist of contributions that are to be invested and held indefinitely, with the income expendable to support the NPH orphanages and pay endowment expenses. At the time of their gifts, donors are given the opportunity to designate that the endowment may expend the principal in the event of a major, natural disaster. As of December 31, 2018 and 2017, donors have designated \$6,732,601 and \$6,552,601, respectively, to be used in the event of a natural disaster, as further defined in the endowment's policies. Unappropriated endowment earnings are from the Medical, Education, Hightower/Kloos, and general endowment funds.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 6 DONATED MATERIALS

During the years ended December 31, 2018 and 2017, the Organization received donated materials of \$2,112,082 and \$1,654,076, respectively.

NOTE 7 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values all other assets and liabilities, refer to Note 1 – Summary of Significant Accounting Policies, Organization.

Assets measured at fair value on a recurring basis are as follows:

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 9,656,391	\$ -	\$ -	\$ 9,656,391
Fixed Income Government Agencies	1,561,209	-	-	1,561,209
Exchange Traded Funds:				
Fixed-Income	726,200	181,875	-	908,075
Mutual Funds	748,366	-	-	748,366
Beneficial Interest in Perpetual Trusts	-	-	2,478,119	2,478,119
Beneficial Interest in Land Trust	-	-	150,000	150,000
Total Assets at Fair Value	<u>\$ 12,692,166</u>	<u>\$ 181,875</u>	<u>\$ 2,628,119</u>	<u>\$ 15,502,160</u>
<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 10,730,637	\$ -	\$ -	\$ 10,730,637
Fixed Income Government Agencies	1,271,854	-	-	1,271,854
Exchange Traded Funds:				
Fixed-Income	804,322	61,825	-	866,147
Mutual Funds	1,219,684	-	-	1,219,684
Beneficial Interest in Perpetual Trusts	-	-	2,789,126	2,789,126
Beneficial Interest in Land Trust	-	-	150,000	150,000
Total Assets at Fair Value	<u>\$ 14,026,497</u>	<u>\$ 61,825</u>	<u>\$ 2,939,126</u>	<u>\$ 17,027,448</u>

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Balance - January 1	\$ 2,939,126	\$ 2,716,656
Change in Value of Perpetual and Land Trusts	(311,007)	222,470
Balance - December 31	<u>\$ 2,628,119</u>	<u>\$ 2,939,126</u>

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

The valuation of the Level 3 beneficial interest in perpetual trusts is based on the fair market value of assets as indicated on the annual statement received from the trustee. The valuation of the Level 3 beneficial interest in land trust is based on 25% of the value of the trust property, determined through an independent appraisal during 2016.

NOTE 8 ENDOWMENT

The FWLEI endowment fund consists of four individual funds and reflects the donor-imposed restriction that the original gifts are maintained and income be used to support operations and for annual distributions to NPH USA, Inc. for the exclusive benefit of NPHI. Consistent with donor wishes, funds may be distributed to one or more NPHI family homes in the event of extensive destruction of property or life as a result of a major, natural, devastating disaster. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

FWLEI has interpreted the state of Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, FWLEI retains in perpetuity: (a) the original value of gifts donated to the endowment, plus (b) the original value of the subsequent gifts to the endowment and accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment amounts not retained in perpetuity are subject to appropriation for expenditure by FWLEI in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, FWLEI considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund.
- The purposes of the endowment and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the endowment.
- The investment policies of the endowment.

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8 ENDOWMENT (CONTINUED)

Endowment net assets consisted of the following at December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>December 31, 2018</u>			
Endowment Funds with Donor Restrictions	\$ -	\$ 13,846,518	\$ 13,846,518
<u>December 31, 2017</u>			
Endowment Funds with Donor Restrictions	\$ -	\$ 15,193,620	\$ 15,193,620

Changes in the endowment fund net assets included the following:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>December 31, 2018</u>			
Endowment Net Assets - Beginning of Year	\$ -	\$ 15,193,620	\$ 15,193,620
Investment Return:			
Investment Income	-	219,601	219,601
Net Depreciation (Realized and Unrealized)	-	(1,030,681)	(1,030,681)
Total Investment Return	-	(811,080)	(811,080)
Contributions	-	203,690	203,690
Appropriation of Endowment Assets for Expenditures	739,712	(739,712)	-
Withdrawals for Current Distributions	(710,000)	-	(710,000)
Operating Expenses	(29,712)	-	(29,712)
Total Release	(739,712)	-	(739,712)
Endowment Net Assets - End of Year	\$ -	\$ 13,846,518	\$ 13,846,518
<u>December 31, 2017</u>			
Endowment Net Assets - Beginning of Year	\$ -	\$ 14,201,730	\$ 14,201,730
Investment Return:			
Investment Income	-	202,088	202,088
Net Appreciation (Realized and Unrealized)	-	1,637,461	1,637,461
Total Investment Return	-	1,839,549	1,839,549
Contributions	-	309,728	309,728
Appropriation of Endowment Assets for Expenditures	1,157,387	(1,157,387)	-
Withdrawals for Current Distributions	(1,129,000)	-	(1,129,000)
Operating Expenses	(28,387)	-	(28,387)
Total Release	(1,157,387)	-	(1,157,387)
Endowment Net Assets - End of Year	\$ -	\$ 15,193,620	\$ 15,193,620

NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The endowment has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment fund assets. Endowment fund assets include those assets of donor-restricted funds that the endowment must hold in perpetuity. Under this policy, the endowment fund assets are diversified in order to control volatility of returns and invested to obtain future growth to offset inflation while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the endowment relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment has adopted a spending policy of making one annual distribution of up to 5% of the total of assets, excluding current year contributions, from the endowment fund as of December 31. Notwithstanding the foregoing, no distribution shall reduce the value of the endowment fund below the original capital contributions increased by the value of all additional capital contributions received during that year (subject to any donor limitations or restrictions). Capital contributions are defined as the original value of the donation (on the date of the donation) and do not include earnings, dividends, unrealized gains or losses, or other changes based on the investment of the endowment fund.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires. At December 31, 2018 and 2017, there were no deficient endowment funds.

**NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 9 LEASE COMMITMENTS

The Organization has entered into various operating lease agreements for office space and equipment throughout the United States of America. Under certain agreements, the Organization is also liable for a proportionate share of common operating costs.

Future minimum cash payments under these lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 268,706
2020	111,923
2021	105,197
2022	75,871
Thereafter	92,768
Total	<u>\$ 654,465</u>

Total charges to operations for rental expense during the years ended December 31, 2018 and 2017 amounted to \$318,426 and \$298,067, respectively.

NOTE 10 POSTRETIREMENT BENEFIT CONTRACT

The Organization has a retirement benefit contract for one former executive. The contract provides payments for health and dental benefits for a period that was scheduled to end on June 30, 2018 or the death of the participant. Per executive leadership, the Organization has elected to continue to pay the employee benefit contributions without a formal contract in place. The arrangement can be terminated at management's discretion. The payment amounts are based on the actual premium amounts subject to periodic maximums and a specified supplemental cash payment. These amounts are insignificant and not accrued. The amount paid by the Organization for the years ended December 31, 2018 and 2017 totaled \$5,589 and \$5,242, respectively.

NOTE 11 RETIREMENT PLAN

The Organization has a 403(b) retirement plan for all employees to participate in beginning on the date of hire. Employees who have been employed for at least one year and worked at least 1,000 hours, and have attained the age of 21, may participate in employer matching contributions. The plan allows eligible employees to defer payment of taxes on a portion of their salary by making contributions to the plan through payroll deductions. The Organization will match 100% of up to 10% of the employee's compensation, not to exceed \$5,000 annually. Contributions to the plan charged against operations, including plan administration fees, amounted to \$70,368 and \$40,371 for the years ended December 31, 2018 and 2017, respectively.

**NPH USA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 12 RELATED PARTY TRANSACTIONS

Contribution revenues from members of the board of the Organization totaled \$840,787 and \$2,636,811 for the years ended December 31, 2018 and 2017, respectively.

Contribution revenues from members of the board of the FWLEI totaled \$94,076 and \$277,801 for the years ended December 31, 2018 and 2017, respectively.

NOTE 13 CONDITIONAL PLEDGES

FWLEI has received pledges from individuals indicating an intention to name the endowment as the beneficiary in wills, trusts, and life insurance contracts. These pledges are all revocable. Since these pledges do not meet the criteria for revenue recognition, they are not reflected as contributions in the consolidated statements of activities.

NOTE 14 COMMITMENT

During 2018, the Organization's board approved a commitment to provide funding to NPHI in the amount of \$9,150,000 for the year 2019. This commitment is conditional based upon adequate funding being available through the Organization's fundraising efforts.

NOTE 15 CONCENTRATION

During 2018, the Organization received contributions from one donor that represented 11% of total revenues. All funds were received as of December 31, 2018.

NPH USA, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS	<u>NPH USA</u>	<u>FWLEI</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and Cash Equivalents	\$ 5,385,414	\$ 883,211	\$ -	\$ 6,268,625
Due from NPH USA	-	90,240	(90,240)	-
Pledges Receivable, Net of Allowance for Uncollectible Pledges of \$14,860	81,912	-	-	81,912
Prepaid Expenses	181,022	-	-	181,022
Investments	974	12,873,067	-	12,874,041
Beneficial Interest in Perpetual Trusts	2,478,119	-	-	2,478,119
Beneficial Interest in Land Trust	150,000	-	-	150,000
Fixed Assets, Net	315,611	-	-	315,611
Other Assets	32,983	-	-	32,983
	<u>\$ 8,626,035</u>	<u>\$ 13,846,518</u>	<u>\$ (90,240)</u>	<u>\$ 22,382,313</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 411,662	\$ -	\$ -	\$ 411,662
Accrued Expenses and Other Liabilities	502,068	-	-	502,068
Due to FWLEI	90,240	-	(90,240)	-
Total Liabilities	1,003,970	-	(90,240)	913,730
NET ASSETS				
Without Donor Restrictions:				
Undesignated for General Activities	4,459,464	-	-	4,459,464
Designated by Board of Directors	136,957	-	-	136,957
Invested in Furniture and Equipment	315,612	-	-	315,612
Total Without Donor Restrictions	4,912,033	-	-	4,912,033
With Donor Restrictions	2,710,032	13,846,518	-	16,556,550
Total Net Assets	7,622,065	13,846,518	-	21,468,583
	<u>\$ 8,626,035</u>	<u>\$ 13,846,518</u>	<u>\$ (90,240)</u>	<u>\$ 22,382,313</u>

NPH USA, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS	<u>NPH USA</u>	<u>FWLEI</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and Cash Equivalents	\$ 5,073,460	\$ 1,105,542	\$ -	\$ 6,179,002
Due from NPH USA	-	5,400	(5,400)	-
Pledges Receivable, Net of Allowance for Uncollectible Pledges of \$8,555	689,071	-	-	689,071
Prepaid Expenses	159,164	-	-	159,164
Investments	5,644	14,082,678	-	14,088,322
Beneficial Interest in Perpetual Trusts	2,789,126	-	-	2,789,126
Beneficial Interest in Land Trust	150,000	-	-	150,000
Fixed Assets, Net	265,798	-	-	265,798
Other Assets	32,948	-	-	32,948
	<u>\$ 9,165,211</u>	<u>\$ 15,193,620</u>	<u>\$ (5,400)</u>	<u>\$ 24,353,431</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 671,692	\$ -	\$ -	\$ 671,692
Accrued Expenses and Other Liabilities	509,939	-	-	509,939
Due to FWLEI	5,400	-	(5,400)	-
Total Liabilities	<u>1,187,031</u>	<u>-</u>	<u>(5,400)</u>	<u>1,181,631</u>
NET ASSETS				
Without Donor Restrictions:				
Undesignated for General Activities	3,947,228	-	-	3,947,228
Designated by Board of Directors	136,957	-	-	136,957
Invested in Furniture and Equipment	265,798	-	-	265,798
Total Without Donor Restrictions	<u>4,349,983</u>	<u>-</u>	<u>-</u>	<u>4,349,983</u>
With Donor Restrictions	<u>3,628,197</u>	<u>15,193,620</u>	<u>-</u>	<u>18,821,817</u>
Total Net Assets	<u>7,978,180</u>	<u>15,193,620</u>	<u>-</u>	<u>23,171,800</u>
Total Liabilities and Net Assets	<u>\$ 9,165,211</u>	<u>\$ 15,193,620</u>	<u>\$ (5,400)</u>	<u>\$ 24,353,431</u>

**NPH USA, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	NPH USA			FWLEI			Eliminations	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total
Support:										
Contributions	\$ 13,123,901	\$ 26,202	\$ 13,150,103	\$ -	\$ 203,690	\$ 203,690	\$ (710,000)	\$ 12,413,901	\$ 229,892	\$ 12,643,793
Bequests	1,477,493	-	1,477,493	-	-	-	-	1,477,493	-	1,477,493
Donated Materials	2,112,082	-	2,112,082	-	-	-	-	2,112,082	-	2,112,082
Special Events	2,586,238	-	2,586,238	-	-	-	-	2,586,238	-	2,586,238
Revenue:										
Interest and Dividends	48,821	-	48,821	-	219,601	219,601	-	48,821	219,601	268,422
Unrealized Loss	(843)	-	(843)	-	(1,261,123)	(1,261,123)	-	(843)	(1,261,123)	(1,261,966)
Realized Gain	688	-	688	-	230,442	230,442	-	688	230,442	231,130
Change in Value of Perpetual Trusts	-	(311,007)	(311,007)	-	-	-	-	-	(311,007)	(311,007)
Distributions from Beneficial Interest in Trusts	117,958	-	117,958	-	-	-	-	117,958	-	117,958
Miscellaneous	10,000	-	10,000	-	-	-	(10,000)	-	-	-
Net Assets Released from Restrictions	633,360	(633,360)	-	739,712	(739,712)	-	-	1,373,072	(1,373,072)	-
Total Revenue and Support	20,109,698	(918,165)	19,191,533	739,712	(1,347,102)	(607,390)	(720,000)	20,129,410	(2,265,267)	17,864,143
Expenses:										
Program Services	15,281,575	-	15,281,575	710,000	-	710,000	(710,000)	15,281,575	-	15,281,575
Management and General	1,534,766	-	1,534,766	29,712	-	29,712	(10,000)	1,554,478	-	1,554,478
Fundraising	2,731,307	-	2,731,307	-	-	-	-	2,731,307	-	2,731,307
Total Expenses	19,547,648	-	19,547,648	739,712	-	739,712	(720,000)	19,567,360	-	19,567,360
CHANGE IN NET ASSETS	562,050	(918,165)	(356,115)	-	(1,347,102)	(1,347,102)	-	562,050	(2,265,267)	(1,703,217)
Net Assets - Beginning of Year	4,349,983	3,628,197	7,978,180	-	15,193,620	15,193,620	-	4,349,983	18,821,817	23,171,800
NET ASSETS - END OF YEAR	\$ 4,912,033	\$ 2,710,032	\$ 7,622,065	\$ -	\$ 13,846,518	\$ 13,846,518	\$ -	\$ 4,912,033	\$ 16,556,550	\$ 21,468,583

**NPH USA, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	NPH USA			FWLEI			Eliminations	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total
Support:										
Contributions	\$ 14,127,037	\$ 165,910	\$ 14,292,947	\$ -	\$ 309,728	\$ 309,728	\$ (1,129,000)	\$ 12,998,037	\$ 475,638	\$ 13,473,675
Bequests	913,486	-	913,486	-	-	-	-	913,486	-	913,486
Donated Materials	1,654,076	-	1,654,076	-	-	-	-	1,654,076	-	1,654,076
Special Events	2,321,068	-	2,321,068	-	-	-	-	2,321,068	-	2,321,068
Revenue:										
Interest and Dividends	9,332	-	9,332	-	202,088	202,088	-	9,332	202,088	211,420
Unrealized Gain	27,721	-	27,721	-	945,331	945,331	-	27,721	945,331	973,052
Realized Gain	853	-	853	-	692,130	692,130	-	853	692,130	692,983
Change in Value of Perpetual Trusts	-	222,470	222,470	-	-	-	-	-	222,470	222,470
Distributions from Beneficial Interest in Trusts	84,763	-	84,763	-	-	-	-	84,763	-	84,763
Miscellaneous	61,604	-	61,604	-	-	-	(10,000)	51,604	-	51,604
Net Assets Released from Restrictions	536,023	(536,023)	-	1,157,387	(1,157,387)	-	-	1,693,410	(1,693,410)	-
Total Revenue and Support	19,735,963	(147,643)	19,588,320	1,157,387	991,890	2,149,277	(1,139,000)	19,754,350	844,247	20,598,597
Expenses:										
Program Services	15,044,909	-	15,044,909	1,129,000	-	1,129,000	(1,129,000)	15,044,909	-	15,044,909
Management and General	1,296,218	-	1,296,218	28,387	-	28,387	(10,000)	1,314,605	-	1,314,605
Fundraising	2,638,576	-	2,638,576	-	-	-	-	2,638,576	-	2,638,576
Total Expenses	18,979,703	-	18,979,703	1,157,387	-	1,157,387	(1,139,000)	18,998,090	-	18,998,090
CHANGE IN NET ASSETS	756,260	(147,643)	608,617	-	991,890	991,890	-	756,260	844,247	1,600,507
Net Assets - Beginning of Year	3,593,723	3,775,840	7,369,563	-	14,201,730	14,201,730	-	3,593,723	17,977,570	21,571,293
NET ASSETS - END OF YEAR	\$ 4,349,983	\$ 3,628,197	\$ 7,978,180	\$ -	\$ 15,193,620	\$ 15,193,620	\$ -	\$ 4,349,983	\$ 18,821,817	\$ 23,171,800

