

**NPH USA, INC. AND AFFILIATE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND**  
**YEAR ENDED DECEMBER 31, 2019**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](http://CLAconnect.com)

**NPH USA, INC. AND AFFILIATE  
TABLE OF CONTENTS  
SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND  
YEAR ENDED DECEMBER 31, 2019**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>8</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>CONSOLIDATING SCHEDULES OF FINANCIAL POSITION</b>	<b>22</b>
<b>CONSOLIDATING SCHEDULES OF ACTIVITIES</b>	<b>24</b>



## 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 June 30, 2020 and December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the six-month period and year then ended, respectively, 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 June 30, 2020 and December 31, 2019, and the changes in their net assets and their cash flows for the six-month period and year then ended, respectively, in accordance with accounting principles generally accepted in the United States of America.

**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  
July 9, 2021

**NPH USA, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND DECEMBER 31, 2019**

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,122,081	\$ 6,524,624
Pledges Receivable, Net of Allowance for Uncollectible		
Pledges of \$3,307 in 2020 and 2019	23,621	22,559
Prepaid Expenses	90,250	193,683
Investments	15,269,695	15,838,858
Beneficial Interest in Perpetual Trusts	2,718,653	2,837,781
Beneficial Interest in Land Trust	150,000	150,000
Fixed Assets, Net	219,225	263,737
Other Assets	31,034	34,034
	\$ 23,624,559	\$ 25,865,276
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 986,369	\$ 2,524,295
Paycheck Protection Program Loan	550,522	-
Accrued Expenses and Other Liabilities	345,879	431,082
Total Liabilities	1,882,770	2,955,377
<b>NET ASSETS</b>		
Without Donor Restrictions	2,970,838	3,257,776
With Donor Restrictions	18,770,951	19,652,123
Total Net Assets	21,741,789	22,909,899
Total Liabilities and Net Assets	\$ 23,624,559	\$ 25,865,276

See accompanying Notes to Consolidated Financial Statements.

**NPH USA, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND  
YEAR ENDED DECEMBER 31, 2019**

	2020	2019
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Support:		
Contributions	\$ 5,068,606	\$ 13,702,230
Bequests	79,377	233,985
Donated Materials	668,903	1,999,962
Special Events	381,556	2,687,682
Revenue:		
Interest and Dividends	8,397	55,854
Unrealized Gain	1,890	235
Realized Gain (Loss)	1,420	(4,772)
Distributions from Beneficial Interest in Trusts	34,853	73,053
Miscellaneous	-	100
Net Assets Released from Restrictions	781,043	820,648
Total Support and Revenue	7,026,045	19,568,977
Expenses:		
Program Services	5,457,568	17,169,736
Management and General	717,401	1,299,511
Fundraising	1,138,014	2,753,987
Total Expenses	7,312,983	21,223,234
Decrease in Net Assets Without Donor Restrictions	(286,938)	(1,654,257)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Revenue:		
Contributions	79,480	265,346
Interest and Dividends	122,108	241,493
Unrealized Gain (Loss)	(362,692)	2,608,692
Realized Gain	180,103	441,028
Change in Value of Perpetual Trusts	(119,128)	359,662
Net Assets Released from Restrictions	(781,043)	(820,648)
Increase (Decrease) in Net Assets With Donor Restrictions	(881,172)	3,095,573
<b>CHANGE IN NET ASSETS</b>	(1,168,110)	1,441,316
Net Assets - Beginning of Year	22,909,899	21,468,583
<b>NET ASSETS - END OF YEAR</b>	\$ 21,741,789	\$ 22,909,899

See accompanying Notes to Consolidated Financial Statements.

**NPH USA, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**SIX-MONTH PERIOD ENDED JUNE 30, 2020**

	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 565,742	\$ 307,135	\$ 672,339	\$ 979,474	\$ 1,545,216
Payroll Taxes	44,504	24,161	52,889	77,050	121,554
Employee Benefits	59,614	35,363	70,847	106,210	165,824
Total	<u>669,860</u>	<u>366,659</u>	<u>796,075</u>	<u>1,162,734</u>	<u>1,832,594</u>
Support to Orphanages - NPHI:					
Operations - Direct Support	2,945,885	-	-	-	2,945,885
Operations - Designated and Sharing	945,587	-	-	-	945,587
Donated Materials and Supplies	668,903	-	-	-	668,903
Total	<u>4,560,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,560,375</u>
Bank and Credit Card Fees	-	4,782	61,055	65,837	65,837
Cultivation	-	-	13,005	13,005	13,005
Depreciation and Amortization	-	56,075	-	56,075	56,075
Dues and Subscriptions	-	3,798	-	3,798	3,798
Employee Search and Benefits	-	17,269	-	17,269	17,269
Event Supplies	-	-	57,617	57,617	57,617
Hospitality and Meals	-	7,547	-	7,547	7,547
Insurance	-	16,001	-	16,001	16,001
Donated Stock Fees	-	361	-	361	361
Licenses and Fees	-	77,312	-	77,312	77,312
Occupancy	44,099	48,648	70,237	118,885	162,984
Office Equipment	-	17,084	-	17,084	17,084
Office Supplies	-	9,418	9,419	18,837	18,837
Outside Services	13,602	23,609	-	23,609	37,211
Postage and Shipping	7,811	7,810	15,620	23,430	31,241
Professional Fees	-	13,452	-	13,452	13,452
Marketing	-	-	80,239	80,239	80,239
Promotion	-	-	2,818	2,818	2,818
Telecommunications	-	8,283	8,283	16,566	16,566
Training and Seminars	-	5,039	-	5,039	5,039
Travel	83,388	12,145	23,646	35,791	119,179
Travel Program	71,322	-	-	-	71,322
Miscellaneous	7,111	22,109	-	22,109	29,220
Total	<u>227,333</u>	<u>350,742</u>	<u>341,939</u>	<u>692,681</u>	<u>920,014</u>
Total Functional Expenses	<u>\$ 5,457,568</u>	<u>\$ 717,401</u>	<u>\$ 1,138,014</u>	<u>\$ 1,855,415</u>	<u>\$ 7,312,983</u>

See accompanying Notes to Consolidated Financial Statements.

**NPH USA, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 1,102,500	\$ 533,107	\$ 1,274,602	\$ 1,807,709	\$ 2,910,209
Payroll Taxes	91,826	44,402	106,161	150,563	242,389
Employee Benefits	104,522	54,647	120,839	175,486	280,008
Total	<u>1,298,848</u>	<u>632,156</u>	<u>1,501,602</u>	<u>2,133,758</u>	<u>3,432,606</u>
Support to Orphanages - NPHI:					
Operations - Direct Support	8,791,264	-	-	-	8,791,264
Operations - Designated and Sharing	4,200,278	-	-	-	4,200,278
Donated Materials and Supplies	1,999,962	-	-	-	1,999,962
Total	<u>14,991,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,991,504</u>
Bank and Credit Card Fees	-	6,346	170,972	177,318	177,318
Cultivation	-	-	63,268	63,268	63,268
Bad Debt Recovery	-	(4,873)	-	(4,873)	(4,873)
Depreciation and Amortization	-	120,219	-	120,219	120,219
Dues and Subscriptions	-	4,897	-	4,897	4,897
Employee Search and Benefits	-	22,587	-	22,587	22,587
Event Supplies	-	-	577,821	577,821	577,821
Hospitality and Meals	-	35,995	-	35,995	35,995
Insurance	-	26,807	-	26,807	26,807
Donated Stock Fees	-	428	-	428	428
Licenses and Fees	-	102,836	-	102,836	102,836
Occupancy	80,543	114,338	141,920	256,258	336,801
Office Equipment	-	29,851	-	29,851	29,851
Office Supplies	-	31,420	31,419	62,839	62,839
Outside Services	27,204	52,754	4,800	57,554	84,758
Postage and Shipping	15,080	15,080	30,159	45,239	60,319
Professional Fees	-	49,453	-	49,453	49,453
Marketing	-	-	94,608	94,608	94,608
Promotion	-	-	3,864	3,864	3,864
Telecommunications	-	17,029	17,028	34,057	34,057
Training and Seminars	-	1,409	-	1,409	1,409
Travel	495,444	40,738	116,526	157,264	652,708
Travel Program	212,473	-	-	-	212,473
Miscellaneous	39,867	41	-	41	39,908
Total	<u>879,384</u>	<u>667,355</u>	<u>1,252,385</u>	<u>1,919,740</u>	<u>2,799,124</u>
Total Functional Expenses	<u>\$ 17,169,736</u>	<u>\$ 1,299,511</u>	<u>\$ 2,753,987</u>	<u>\$ 4,053,498</u>	<u>\$ 21,223,234</u>

See accompanying Notes to Consolidated Financial Statements.



**NPH USA, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND  
YEAR ENDED DECEMBER 31, 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (1,168,110)	\$ 1,441,316
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Recoveries of Bad Debts	-	(4,873)
Depreciation and Amortization	56,075	120,219
Realized Gain on Investments	(181,523)	(436,256)
Unrealized (Gain) Loss on Investments	360,802	(2,608,927)
Change in Value of Perpetual Trusts	119,128	(359,662)
Contributions Restricted to Endowment	(75,580)	(250,346)
(Increase) Decrease in:		
Pledges Receivable	(1,062)	64,226
Prepaid Expenses and Other Assets	106,433	(13,712)
Increase (Decrease) in:		
Accounts Payable	(1,537,926)	2,112,633
Accrued Expenses and Other Liabilities	(85,203)	(70,986)
Net Cash Used by Operating Activities	(2,406,966)	(6,368)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Software	(11,563)	(68,345)
Proceeds from Sales and Maturities of Investments	1,160,062	1,784,443
Purchase of Investments	(770,178)	(1,704,077)
Net Cash Provided by Investing Activities	378,321	12,021
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted to Endowment	75,580	250,346
Proceeds from Paycheck Protection Program Loan	550,522	-
Net Cash Provided by Financing Activities	626,102	250,346
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,402,543)	255,999
Cash and Cash Equivalents - Beginning of Year	6,524,624	6,268,625
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 5,122,081	\$ 6,524,624

See accompanying Notes to Consolidated Financial Statements.

**NPH USA, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND DECEMBER 31 2019**

**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, collectively known as the Organization, are presented below.

In 2020, the Organization changed its fiscal year end from December 31<sup>st</sup> to June 30<sup>th</sup>.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of NPH USA, Inc. and FWLEI. Interorganizational 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**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**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.

**Beneficial Interests in Trusts**

Beneficial interests in trusts consist of assets held in perpetual trusts and a beneficial interest 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.

**NPH USA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Beneficial Interests in Trusts (Continued)**

**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.

**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**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**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, real estate, and beneficial interests in trusts.

**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 June 30, 2020 and December 31, 2019.

**NPH USA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 June 30, 2020 and December 31, 2019 to meet cash needs for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 5,122,081	\$ 6,524,624
Pledges Receivable, Net, Due Within One Year	19,821	15,930
Investments Not Subject to Perpetual Donor Restrictions Totaling \$11,715,696 for 2020 and \$11,640,116 for 2019	<u>3,553,999</u>	<u>4,198,742</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 8,695,901</u>	<u>\$ 10,739,296</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 six-month period ended June 30, 2020 and year ended December 31, 2019, the Organization recognized \$34,853 and \$73,053 of income from these trusts, respectively.

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**

**Revenue from Contracts with Customers**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred 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 updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

NPH-USA adopted the new standard during 2020 and FWLEI had previously adopted the standard in 2019. The Organization's financial statements do not reflect any significant revenue streams that fall under the guidance of ASC 606. Consequently, there was no impact on its consolidated financial statements or historical revenues being reported.

**NPH USA, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pending Accounting Pronouncements**

**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, 2021.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition for disclosure through July 9, 2021, the date the consolidated financial statements were available to be issued.

**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivable as of June 30, 2020 and December 31, 2019 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:

	<u>2020</u>	<u>2019</u>
Pledges Receivable Due:		
In Less than One Year	\$ 23,128	\$ 18,699
In One to Five Years	3,800	7,167
Total	<u>26,928</u>	<u>25,866</u>
Less: Allowance for Uncollectible Pledges	<u>(3,307)</u>	<u>(3,307)</u>
Total Pledges Receivable	<u>\$ 23,621</u>	<u>\$ 22,559</u>

Pledges expected to be received in more than one year from the statements of financial position date are discounted to present value. At June 30, 2020 and December 31, 2019, any related present value discount was considered insignificant.

**NPH USA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 3 INVESTMENTS**

Investments consist of the following at June 30, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>
Common Stocks	\$ 11,669,343	\$ 11,978,388
Fixed Income Government Agencies	992,289	1,474,795
Exchange Traded Funds:		
Fixed Income	1,331,085	1,117,588
Mutual Funds	<u>1,276,978</u>	<u>1,268,087</u>
Total Investments	<u>\$ 15,269,695</u>	<u>\$ 15,838,858</u>

Investment management fees incurred during the six-month period ended June 30, 2020 and year ended December 31, 2019 totaled \$54,027 and \$102,383, respectively.

**NOTE 4 FIXED ASSETS**

Fixed assets consist of the following at June 30, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>
Furniture and Equipment	\$ 752,759	\$ 741,196
Less: Accumulated Depreciation and Amortization	<u>(533,534)</u>	<u>(477,459)</u>
Total Fixed Assets	<u>\$ 219,225</u>	<u>\$ 263,737</u>

Depreciation and amortization expense charged to operations for the six-month period ended June 30, 2020 and year ended December 31, 2019 totaled \$56,075 and \$120,219, respectively.

**NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN**

On April 11, 2020, the Organization received a loan in the amount of \$550,522 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The loan bears interest at a fixed rate of 1% per annum, with the first six months of interest deferred, has a term of two years, is unsecured, and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.



**NPH USA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available at June 30, 2020 and December 31, 2019 for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to the Passage of Time:		
Beneficial Interest in Land Trust	\$ 150,000	\$ 150,000
Pledges Receivable Not Restricted by Donors	23,621	22,559
	<u>173,621</u>	<u>172,559</u>
Endowments:		
Subject to Appropriation and Expenditure When a Specified Event Occurs	4,162,981	5,001,667
Subject to Endowment Distribution Policy and Appropriation:		
General Fund	11,604,695	11,529,445
Medical Fund	44,535	44,535
Education Fund	44,535	44,535
Hightower/Kloos Legacy Fund	21,931	21,601
Total Endowments	<u>15,878,677</u>	<u>16,641,783</u>
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Perpetual Trusts	2,718,653	2,837,781
Total Net Assets With Donor Restrictions	<u>\$ 18,770,951</u>	<u>\$ 19,652,123</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 June 30, 2020 and December 31, 2019, donors have designated \$6,987,601 and \$6,912,601, 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.

During the six-month period ended June 30, 2020 and year ended December 31, 2019, net assets released from donor restrictions totaled \$781,043 and \$820,648, respectively, and were primarily from appropriated and distributed endowment earnings.

**NOTE 7 DONATED MATERIALS**

During the six-month period ended June 30, 2020 and the year ended December 31, 2019, the Organization received donated materials of \$668,903 and \$1,999,962, respectively.

**NPH USA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 8 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>June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 11,669,343	\$ -	\$ -	\$ 11,669,343
Fixed Income Government Agencies	992,289	-	-	992,289
Exchange Traded Funds:				
Fixed-Income	912,660	418,425	-	1,331,085
Mutual Funds	1,276,978	-	-	1,276,978
Beneficial Interest in Perpetual Trusts	-	-	2,718,653	2,718,653
Beneficial Interest in Land Trust	-	-	150,000	150,000
Total Assets at Fair Value	<u>\$ 14,851,270</u>	<u>\$ 418,425</u>	<u>\$ 2,868,653</u>	<u>\$ 18,138,348</u>
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 11,978,388	\$ -	\$ -	\$ 11,978,388
Fixed Income Government Agencies	1,474,795	-	-	1,474,795
Exchange Traded Funds:				
Fixed-Income	760,338	357,250	-	1,117,588
Mutual Funds	1,268,087	-	-	1,268,087
Beneficial Interest in Perpetual Trusts	-	-	2,837,781	2,837,781
Beneficial Interest in Land Trust	-	-	150,000	150,000
Total Assets at Fair Value	<u>\$ 15,481,608</u>	<u>\$ 357,250</u>	<u>\$ 2,987,781</u>	<u>\$ 18,826,639</u>

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the six-month period ended June 30, 2020 and year ended December 31, 2019:

	<u>2020</u>	<u>2019</u>
Balance - January 1	\$ 2,987,781	\$ 2,628,119
Change in Value of Perpetual and Land Trusts	(119,128)	359,662
Balance - End of Period	<u>\$ 2,868,653</u>	<u>\$ 2,987,781</u>

**NPH USA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 8 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 9 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**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 9 ENDOWMENT (CONTINUED)**

Endowment net assets consisted of the following at June 30, 2020 and December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>June 30, 2020</u>			
Endowment Funds with Donor Restrictions	\$ -	\$ 15,878,677	\$ 15,878,677
<u>December 31, 2019</u>			
Endowment Funds with Donor Restrictions	\$ -	\$ 16,641,783	\$ 16,641,783

Changes in the endowment fund net assets included the following:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>June 30, 2020</u>			
Endowment Net Assets - Beginning of Year	\$ -	\$ 16,641,783	\$ 16,641,783
Investment Return:			
Investment Income	-	122,108	122,108
Net Depreciation (Realized and Unrealized)	-	(182,589)	(182,589)
Total Investment Return (Loss)	-	(60,481)	(60,481)
Contributions	-	75,580	75,580
Appropriation of Endowment Assets for Expenditures	778,205	(778,205)	-
Withdrawals for Current Distributions	(760,000)	-	(760,000)
Operating Expenses	(18,205)	-	(18,205)
Total Release	(778,205)	-	(778,205)
Endowment Net Assets - End of Year	\$ -	\$ 15,878,677	\$ 15,878,677
<u>December 31, 2019</u>			
Endowment Net Assets - Beginning of Year	\$ -	\$ 13,846,518	\$ 13,846,518
Investment Return:			
Investment Income	-	241,493	241,493
Net Appreciation (Realized and Unrealized)	-	3,049,720	3,049,720
Total Investment Return	-	3,291,213	3,291,213
Contributions	-	250,346	250,346
Appropriation of Endowment Assets for Expenditures	746,294	(746,294)	-
Withdrawals for Current Distributions	(715,000)	-	(715,000)
Operating Expenses	(31,294)	-	(31,294)
Total Release	(746,294)	-	(746,294)
Endowment Net Assets - End of Year	\$ -	\$ 16,641,783	\$ 16,641,783

**NPH USA, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 9 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 June 30, 2020 and December 31, 2019, there were no deficient endowment funds.

**NOTE 10 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 June 30,</u>	<u>Amount</u>
2021	\$ 119,254
2022	191,430
2023	105,840
2024	46,366
Thereafter	18,821
Total	<u>\$ 481,710</u>

**NPH USA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 10 LEASE COMMITMENTS (CONTINUED)**

Total charges to operations for rental expense during the six-month period ended June 30, 2020 and year ended December 31, 2019 amounted to \$156,478 and \$316,388, respectively.

**NOTE 11 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 six-month period ended June 30, 2020 and year ended December 31, 2019 totaled \$2,999 and \$4,105, respectively.

**NOTE 12 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 \$57,720 and \$75,481 for the six-month period ended June 30, 2020 and year ended December 31, 2019, respectively.

**NOTE 13 RELATED PARTY TRANSACTIONS**

Contribution revenues from members of the board of the Organization totaled \$143,401 and \$391,456 for the six-month period ended June 30, 2020 and year ended December 31, 2019, respectively.

Contribution revenues from members of the board of the FWLEI totaled \$17,864 and \$91,825 for the six-month period ended June 30, 2020 and year ended December 31, 2019, respectively.

**NPH USA, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND DECEMBER 31 2019**

**NOTE 14 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 15 COMMITMENT**

During 2020, the Organization's board approved a commitment to provide funding to NPHI in the amount of \$6,200,000 for the fiscal year 2021. This commitment is conditional based upon adequate funding being available through the Organization's fundraising efforts.

**NOTE 16 CONCENTRATION**

During 2020, there were no significant concentrations.

During 2019, the Organization received contributions from one donor that represented 11% of total revenues.

**NOTE 17 OTHER MATTERS**

The COVID-19 pandemic is continuing to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may further impact various parts of future operations and financial results, including the receipt of contributions and collections on outstanding receivables. Investment markets have also experienced significant fluctuations since the pandemic was declared. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NPH USA, INC. AND AFFILIATE**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2020**

<b>ASSETS</b>	<u>NPH USA</u>	<u>FWLEI</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and Cash Equivalents	\$ 4,617,158	\$ 504,923	\$ -	\$ 5,122,081
Due from NPH USA	-	103,896	(103,896)	-
Pledges Receivable, Net of Allowance for Uncollectible Pledges of \$3,307	23,621	-	-	23,621
Prepaid Expenses	90,087	163	-	90,250
Investments	-	15,269,695	-	15,269,695
Beneficial Interest in Perpetual Trusts	2,718,653	-	-	2,718,653
Beneficial Interest in Land Trust	150,000	-	-	150,000
Fixed Assets, Net	219,225	-	-	219,225
Other Assets	31,034	-	-	31,034
	<u>\$ 7,849,778</u>	<u>\$ 15,878,677</u>	<u>\$ (103,896)</u>	<u>\$ 23,624,559</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 986,369	\$ -	\$ -	\$ 986,369
Paycheck Protection Program Loan	550,522	-	-	550,522
Accrued Expenses and Other Liabilities	345,879	-	-	345,879
Due to FWLEI	103,896	-	(103,896)	-
Total Liabilities	1,986,666	-	(103,896)	1,882,770
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Undesignated for General Activities	2,614,656	-	-	2,614,656
Designated by Board of Directors	136,957	-	-	136,957
Invested in Furniture and Equipment	219,225	-	-	219,225
Total Without Donor Restrictions	2,970,838	-	-	2,970,838
With Donor Restrictions	2,892,274	15,878,677	-	18,770,951
Total Net Assets	5,863,112	15,878,677	-	21,741,789
	<u>\$ 7,849,778</u>	<u>\$ 15,878,677</u>	<u>\$ (103,896)</u>	<u>\$ 23,624,559</u>



**NPH USA, INC. AND AFFILIATE  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
DECEMBER 31, 2019**

<b>ASSETS</b>	<u>NPH USA</u>	<u>FWLEI</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and Cash Equivalents	\$ 5,716,738	\$ 807,886	\$ -	\$ 6,524,624
Due from NPH USA	-	37,299	(37,299)	-
Pledges Receivable, Net of Allowance for Uncollectible Pledges of \$3,307	22,559	-	-	22,559
Prepaid Expenses	193,683	-	-	193,683
Investments	42,260	15,796,598	-	15,838,858
Beneficial Interest in Perpetual Trusts	2,837,781	-	-	2,837,781
Beneficial Interest in Land Trust	150,000	-	-	150,000
Fixed Assets, Net	263,737	-	-	263,737
Other Assets	34,034	-	-	34,034
	<u>\$ 9,260,792</u>	<u>\$ 16,641,783</u>	<u>\$ (37,299)</u>	<u>\$ 25,865,276</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,524,295	\$ -	\$ -	\$ 2,524,295
Accrued Expenses and Other Liabilities	431,082	-	-	431,082
Due to FWLEI	37,299	-	(37,299)	-
Total Liabilities	<u>2,992,676</u>	<u>-</u>	<u>(37,299)</u>	<u>2,955,377</u>
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Undesignated for General Activities	2,857,082	-	-	2,857,082
Designated by Board of Directors	136,957	-	-	136,957
Invested in Furniture and Equipment	263,737	-	-	263,737
Total Without Donor Restrictions	<u>3,257,776</u>	<u>-</u>	<u>-</u>	<u>3,257,776</u>
With Donor Restrictions	3,010,340	16,641,783	-	19,652,123
Total Net Assets	<u>6,268,116</u>	<u>16,641,783</u>	<u>-</u>	<u>22,909,899</u>
Total Liabilities and Net Assets	<u>\$ 9,260,792</u>	<u>\$ 16,641,783</u>	<u>\$ (37,299)</u>	<u>\$ 25,865,276</u>

**NPH USA, INC. AND AFFILIATE  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
SIX-MONTH PERIOD ENDED JUNE 30, 2020**

	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
<b>Support:</b>										
Contributions	\$ 5,828,606	\$ 3,900	\$ 5,832,506	\$ -	\$ 75,580	\$ 75,580	\$ (760,000)	\$ 5,068,606	\$ 79,480	\$ 5,148,086
Bequests	79,377	-	79,377	-	-	-	-	79,377	-	79,377
Donated Materials	668,903	-	668,903	-	-	-	-	668,903	-	668,903
Special Events	381,556	-	381,556	-	-	-	-	381,556	-	381,556
<b>Revenue:</b>										
Interest and Dividends	8,397	-	8,397	-	122,108	122,108	-	8,397	122,108	130,505
Unrealized Gain (Loss)	1,890	-	1,890	-	(362,692)	(362,692)	-	1,890	(362,692)	(360,802)
Realized Gain	1,420	-	1,420	-	180,103	180,103	-	1,420	180,103	181,523
Change in Value of Perpetual Trusts	-	(119,128)	(119,128)	-	-	-	-	-	(119,128)	(119,128)
Distributions from Beneficial Interest in Trusts	34,853	-	34,853	-	-	-	-	34,853	-	34,853
Miscellaneous	5,000	-	5,000	-	-	-	(5,000)	-	-	-
Net Assets Released from Restrictions	2,838	(2,838)	-	778,205	(778,205)	-	-	781,043	(781,043)	-
<b>Total Revenue and Support</b>	<b>7,012,840</b>	<b>(118,066)</b>	<b>6,894,774</b>	<b>778,205</b>	<b>(763,106)</b>	<b>15,099</b>	<b>(765,000)</b>	<b>7,026,045</b>	<b>(881,172)</b>	<b>6,144,873</b>
<b>Expenses:</b>										
Program Services	5,457,568	-	5,457,568	760,000	-	760,000	(760,000)	5,457,568	-	5,457,568
Management and General	704,196	-	704,196	18,205	-	18,205	(5,000)	717,401	-	717,401
Fundraising	1,138,014	-	1,138,014	-	-	-	-	1,138,014	-	1,138,014
<b>Total Expenses</b>	<b>7,299,778</b>	<b>-</b>	<b>7,299,778</b>	<b>778,205</b>	<b>-</b>	<b>778,205</b>	<b>(765,000)</b>	<b>7,312,983</b>	<b>-</b>	<b>7,312,983</b>
<b>CHANGE IN NET ASSETS</b>	<b>(286,938)</b>	<b>(118,066)</b>	<b>(405,004)</b>	<b>-</b>	<b>(763,106)</b>	<b>(763,106)</b>	<b>-</b>	<b>(286,938)</b>	<b>(881,172)</b>	<b>(1,168,110)</b>
Net Assets - Beginning of Year	3,257,776	3,010,340	6,268,116	-	16,641,783	16,641,783	-	3,257,776	19,652,123	22,909,899
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,970,838</b>	<b>\$ 2,892,274</b>	<b>\$ 5,863,112</b>	<b>\$ -</b>	<b>\$ 15,878,677</b>	<b>\$ 15,878,677</b>	<b>\$ -</b>	<b>\$ 2,970,838</b>	<b>\$ 18,770,951</b>	<b>\$ 21,741,789</b>

**NPH USA, INC. AND AFFILIATE  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

	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
<b>Support:</b>										
Contributions	\$ 14,417,230	\$ 15,000	\$ 14,432,230	\$ -	\$ 250,346	\$ 250,346	\$ (715,000)	\$ 13,702,230	\$ 265,346	\$ 13,967,576
Bequests	233,985	-	233,985	-	-	-	-	233,985	-	233,985
Donated Materials	1,999,962	-	1,999,962	-	-	-	-	1,999,962	-	1,999,962
Special Events	2,687,682	-	2,687,682	-	-	-	-	2,687,682	-	2,687,682
<b>Revenue:</b>										
Interest and Dividends	55,854	-	55,854	-	241,493	241,493	-	55,854	241,493	297,347
Unrealized Gain	235	-	235	-	2,608,692	2,608,692	-	235	2,608,692	2,608,927
Realized Gain (Loss)	(4,772)	-	(4,772)	-	441,028	441,028	-	(4,772)	441,028	436,256
Change in Value of Perpetual Trusts	-	359,662	359,662	-	-	-	-	-	359,662	359,662
Distributions from Beneficial Interest in Trusts	73,053	-	73,053	-	-	-	-	73,053	-	73,053
Miscellaneous	10,100	-	10,100	-	-	-	(10,000)	100	-	100
Net Assets Released from Restrictions	74,354	(74,354)	-	746,294	(746,294)	-	-	820,648	(820,648)	-
<b>Total Revenue and Support</b>	<b>19,547,683</b>	<b>300,308</b>	<b>19,847,991</b>	<b>746,294</b>	<b>2,795,265</b>	<b>3,541,559</b>	<b>(725,000)</b>	<b>19,568,977</b>	<b>3,095,573</b>	<b>22,664,550</b>
<b>Expenses:</b>										
Program Services	17,169,736	-	17,169,736	715,000	-	715,000	(715,000)	17,169,736	-	17,169,736
Management and General	1,278,217	-	1,278,217	31,294	-	31,294	(10,000)	1,299,511	-	1,299,511
Fundraising	2,753,987	-	2,753,987	-	-	-	-	2,753,987	-	2,753,987
<b>Total Expenses</b>	<b>21,201,940</b>	<b>-</b>	<b>21,201,940</b>	<b>746,294</b>	<b>-</b>	<b>746,294</b>	<b>(725,000)</b>	<b>21,223,234</b>	<b>-</b>	<b>21,223,234</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,654,257)</b>	<b>300,308</b>	<b>(1,353,949)</b>	<b>-</b>	<b>2,795,265</b>	<b>2,795,265</b>	<b>-</b>	<b>(1,654,257)</b>	<b>3,095,573</b>	<b>1,441,316</b>
Net Assets - Beginning 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
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,257,776</b>	<b>\$ 3,010,340</b>	<b>\$ 6,268,116</b>	<b>\$ -</b>	<b>\$ 16,641,783</b>	<b>\$ 16,641,783</b>	<b>\$ -</b>	<b>\$ 3,257,776</b>	<b>\$ 19,652,123</b>	<b>\$ 22,909,899</b>

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

