

FOCUS HUMANITARIAN ASSISTANCE  
USA

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2018



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FOCUS HUMANITARIAN ASSISTANCE USA  
YEAR ENDED DECEMBER 31, 2018

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Focus Humanitarian Assistance USA

We have audited the accompanying financial statements of Focus Humanitarian Assistance USA (“FOCUS USA”), a District of Columbia nonprofit corporation, which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted for nonprofit organizations in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion on the FOCUS USA's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Auditors' Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FOCUS USA as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted for nonprofit organizations in the United States of America.

*Bankole, Okoye & Associates PC*

Bankole, Okoye & Associates PC  
Houston, Texas  
November 6, 2019

FOCUS HUMANITARIAN ASSISTANCE USA

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

<b>Assets:</b>		
Cash	\$	4,956,515
Investments (Note 3 and 7)		2,361,929
Contributions Receivable - Current (Note 4)		145,689
Other Receivables and Prepaid Expenses		28,495
Humanitarian Grant Advances (Note 6)		478,046
<b>Total Current Assets</b>		<b>7,970,674</b>
Non-Current Assets:		
Investments (Note 3 and 7)		2,094,000
Contributions Receivable - Non-Current (Note 4)		125,825
<b>Total Assets</b>	<b>\$</b>	<b>10,190,499</b>
<b>Liabilities and Net Assets:</b>		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$	40,792
Humanitarian Grants Payable (Note 6)		438,467
<b>Total Liabilities</b>		<b>479,259</b>
Net Assets:		
Without Donor Restrictions		9,711,240
With Donor Restrictions		-
<b>Total Net Assets</b>		<b>9,711,240</b>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>10,190,499</b>

*The accompanying notes are an integral part of the financial statements*

FOCUS HUMANITARIAN ASSISTANCE USA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	With Donor Restrictions	Without Donor Restrictions	Total
<b>Revenue:</b>			
Public Support:			
Contributions	\$ -	\$ 4,584,363	\$ 4,584,363
Investment Income	-	73,858	73,858
Matching Gift	-	28,284	28,284
<b>Total Revenue</b>	<b>-</b>	<b>4,686,505</b>	<b>4,686,505</b>
<b>Expenses:</b>			
Program Services:			
- Disaster Preparedness and Response (Domestic)	-	73,061	73,061
- Disaster Preparedness and Response (International)	-	3,541,186	3,541,186
- Humanitarian Assistance (International)	-	857,842	857,842
- Migration and Refugee Assistance (International)	-	479,026	479,026
Total Program Services Expenses	-	4,951,115	4,951,115
Administrative and General	-	176,453	176,453
Fundraising	-	86,447	86,447
<b>Total Expenses</b>	<b>-</b>	<b>5,214,015</b>	<b>5,214,015</b>
Change in Net Assets from Continuing Operations	-	(527,509)	(527,509)
<b>Discontinued Operation:</b>			
Change in Net Assets from Operations of Discontinued Tajikistan Branch (Note 2)	-	(221,957)	(221,957)
Change in Net Assets	-	(749,466)	(749,466)
Net Assets- Beginning of Year	-	10,460,706	10,460,706
<b>Net Assets- End of Year</b>	<b>\$ -</b>	<b>\$ 9,711,240</b>	<b>\$ 9,711,240</b>

*The accompanying notes are an integral part of the financial statements*

FOCUS HUMANITARIAN ASSISTANCE USA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Activities					Supporting Activities			Total Expenses
	Disaster Preparedness and Response (Domestic)	Disaster Preparedness and Response (International)	Humanitarian Assistance (International)	Migration and Refugee Assistance (International)	Total Program Activities	Fundraising	Administrative and General	Total Supporting Activities	
Personnel Costs	\$ 58,987	\$ -	\$ -	\$ -	\$ 58,987	\$ 63,302	\$ 130,967	\$ 194,269	\$ 253,256
Grants to other organizations	-	3,524,187	857,842	479,026	4,861,055	-	-	-	4,861,055
Professional Fees and Consultants	-	-	-	-	-	-	26,457	26,457	26,457
General Office Expenses	645	-	-	-	645	6,295	4,435	10,730	11,375
Rent and Office Utilities	-	-	-	-	-	-	8,837	8,837	8,837
Printing and Media	-	-	-	-	-	9,773	-	9,773	9,773
Telephone and Communication	3,241	-	-	-	3,241	7,077	4,603	11,680	14,921
Travel	-	-	-	-	-	-	347	347	347
Material, Equipment and Software	10,188	-	-	-	10,188	-	806	806	10,994
Depreciation Expense	-	16,999	-	-	16,999	-	-	-	16,999
<b>Total</b>	<b>\$ 73,061</b>	<b>\$ 3,541,186</b>	<b>\$ 857,842</b>	<b>\$ 479,026</b>	<b>\$4,951,115</b>	<b>\$ 86,447</b>	<b>\$ 176,453</b>	<b>\$ 262,900</b>	<b>\$ 5,214,015</b>

*The accompanying notes are an integral part of the financial statements*

FOCUS HUMANITARIAN ASSISTANCE USA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

<b>Cash Flows From Operating Activities:</b>	
Change in Net Assets from Continuing Activities	\$ (527,509)
Adjustments to Reconcile Change in Net Assets to Cash Flows Used in Operating Activities:	
Depreciation	16,999
Changes in Assets and Liabilities:	
Contributions Receivable, Net	44,369
Other Receivables and Prepaid Expenses	29,814
Grants Receivable	929,282
Humanitarian Grant Advances	(62,911)
Accounts Payable and Accrued Liabilities	(688,644)
Humanitarian Grants Payable	408,088
Advance Grant Receipts	(573,236)
Total Adjustment	103,762
<b>Net Cash Used in Operating Activities</b>	<b>(423,747)</b>
<b>Cash Flows From Investing Activities:</b>	
Liquidation of Investments	(65,898)
<b>Net Cash Used in Investing Activities</b>	<b>(65,898)</b>
<b>Net Decrease in Cash</b>	<b>(489,645)</b>
<b>Cash - Beginning of Year</b>	<b>5,446,160</b>
<b>Cash - End of Year</b>	<b>\$ 4,956,515</b>

*The accompanying notes are an integral part of the financial statements*

## FOCUS HUMANITARIAN ASSISTANCE USA

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

### **NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Organization and Business***

Focus Humanitarian Assistance, USA. (“FOCUS USA” or the “Organization”) is a nonprofit corporation organized under the laws of the District of Columbia and exempt from U.S. federal income taxes under Section 501(c) (3) of the Internal Revenue Code and is not a private foundation.

Focus Humanitarian Assistance (“FOCUS”) is an international group of agencies established in Europe, North America to complement the provision of emergency relief, principally in the developing world. It helps people in need reduce their dependence on humanitarian aid and facilitates their transition to sustainable self-reliant, long-term development. Focus Humanitarian Assistance is affiliated with the Aga Khan Development Network (“AKDN”), a group of institutions working to improve opportunities and living conditions, for people of all faiths and origins, in specific regions of the developing world. Underlying the establishment of FOCUS by the Ismaili Muslim community is a history of successful initiatives to assist people struck by natural and man-made disasters in South and Central Asia, and Africa.

The Organization is funded primarily through individual and corporate contributions.

#### ***Basis of Accounting***

The accompanying financial statements of FOCUS USA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted for nonprofit organizations in the United States of America. Under the accrual method, revenues are recorded in the period earned and when the amount and timing of the revenue can be reasonably determined. Expenses and asset additions are recognized at the time a liability arises which is normally at the time title passes to, or a service is received by, the Organization. Also, all significant receivables, payables and other liabilities have been reflected in the financial statements.

The Financial Accounting Standards Board (“FASB”) is the designated body for establishing standards of financial accounting that govern the preparation of financial reports by non-governmental entities, including nonprofit organizations, in the United States of America.

#### ***Financial Statement Presentation***

FOCUS USA prepares its financial statements in accordance with the requirements of FASB’s Accounting Standards Codification (“ASC”) Topic 958-205, *Financial Statements of Nonprofit Organizations*, as amended by FASB Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Nonprofit Entities*. ASU No. 2016-14 became effective for fiscal years ended December 16, 2018, and any date thereafter. FOCUS USA’s 2018 financial statements reflect the initial implementation of this new standard. Among other provisions, ASU No. 2016-14 requires enhanced disclosures around the nature and amount of net asset restrictions (both donor-imposed and board-designated). Accordingly, the Organization has reported information regarding its financial position and activities according to the following two classes of net assets, as applicable:

*Net Assets without Donor/External Restrictions* – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization.

## FOCUS HUMANITARIAN ASSISTANCE USA

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

*Net Assets with Donor/External Restrictions* – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This class of net assets also includes resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon may be used by the Organization.

FASB ASC Topic 958-205 also requires that organizations present a statement of cash flows and an analysis of their expenses by both functional and natural classifications, as well as make enhanced disclosures about their liquidity and availability of resources.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates included in the financial statements relate primarily to the allowances for uncollectible contributions receivable. Actual results could differ from those estimates.

#### ***Revenue Recognition***

In accordance with ASC Topic 958-605-25, *Not-for-Profit Entities – Revenue Recognition*, contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor restrictions. Contributions of pledges are recorded as revenue in the period the contribution or promise is received when an unconditional commitment is received and there is sufficient evidence in the form of verifiable documentation. Pledges and commitments that are not written, calculable or verifiable are recorded as revenue when payment is received from the donor.

Contributions receivable are stated at net of an allowance for doubtful accounts. Contributions to be received over multiple future years are discounted to the anticipated net present value of the future cash flows. These contributions are included as revenue on the Statement of Activities and as non-current assets on the Statement of Financial Position.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. FOCUS USA had no conditional promises to give as of December 31, 2018.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as needed.

Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

Other revenues are recognized when received.

# FOCUS HUMANITARIAN ASSISTANCE USA

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

### ***Contributed Services and Donated Materials***

Contributed services are reflected in the accompanying financial statements at their estimated fair values at the date of receipt to the extent that they create or enhance non-financial assets or require specialized skills, which if not provided by donation, would have to be purchased by FOCUS USA. The contributed services and donated materials are reported in the financial statements as revenue with an offsetting expense.

No amounts have been reflected in the financial statements for in-kind services and materials utilized in various programs for the year ended December 31, 2018, because they did not meet the criteria for recognition.

### ***Cash and Cash Equivalents***

FOCUS USA reports as cash and cash equivalents all monies in financial institutions and investments that are available for current use with maturity dates of less than three months from the date of acquisition. The Organization had no cash equivalents as of December 31, 2018. Management believes that the carrying amounts reported for cash in the Statement of Financial Position approximate its fair value.

### ***Investments***

Investments in fixed income marketable securities with readily determinable fair values are reported at their fair values in the Statement of Financial Position. Realized and unrealized gains and losses are included in the net return on investments reported in the statement of activities. Investment returns are reported as an increase or decrease in net assets without donor restrictions unless their use is limited by donor-imposed restrictions.

### ***Property and Equipment***

Property and equipment are reported at cost. FOCUS USA capitalizes all purchases of property and equipment with a useful life expectancy of greater than one year and with a cost of \$2,500 or greater. Major improvements and renewals that extend the life of the property or equipment are capitalized. Maintenance and repairs are charged to operations when incurred. Depreciation is calculated under the straight-line method over the estimated useful lives of the assets. Amortization for leasehold improvements is recognized on a straight-line basis over the shorter of the estimated useful life of the asset or the remaining lease term. Estimated useful lives of property and equipment are as follows:

<u>Classification</u>	<u>Estimated Life</u>
Office furniture and fixtures	5 years
Program equipment (including motor vehicles)	3 years
Office equipment	5 years
Leaseholds improvement	Lesser of lease term or 6 years

As shown in Note 5, FOCUS USA had no property and equipment as of December 31, 2018.

## FOCUS HUMANITARIAN ASSISTANCE USA

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

#### *Income Taxes*

As an organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code (“IRC”), FOCUS USA is exempt from U.S. federal income taxes under Section 501(c)(3) of the IRC. Accordingly, no provision or liability for federal income taxes has been included in the accompanying financial statements. In addition, donations and contributions to the Organization are deductible for federal income tax purposes as provided in Section 170 of the IRC.

FOCUS USA evaluates its uncertain tax positions using the guidance for contingencies as contained in FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization is not aware of any uncertain tax positions that were not provided for in the accompanying financial statements.

The Organization annually files Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service. The Forms 990 for years 2015 through 2017 remain subject to review by the taxing authorities, generally for three years after they were filed.

#### *Fair Value Measurements*

In accordance with the provisions of FASB ASC Topic 820, *Fair Value Measurements*, the Organization makes fair value measurements and enhanced disclosures about fair value measurements. FASB ASC Topic 820 has established a framework for measuring fair value and expanding disclosures about fair value measurements for assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 input) and the lowest priority to unobservable inputs (level 3 inputs). The three levels of the fair value hierarchy according to generally accepted accounting principles are as follows:

- Level 1: Valuations are based on quoted prices in active markets for identical investments. Accordingly, valuations of these securities do not entail a significant degree of judgment.
- Level 2: Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and determined through the use of models or other valuation methodologies.
- Level 3: Valuations are based on inputs that are unobservable and significant to the overall fair value measurement, and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

#### **NOTE 2 – DISCONTINUED OPERATION – FOCUS BRANCH IN TAJIKISTAN**

On February 28, 2018, FOCUS USA and the newly registered Branch of the Aga Khan Agency for Habitat (“AKAH”) in Tajikistan entered into an agreement whereby FOCUS USA transferred the assets, liabilities and future obligations of FOCUS Tajikistan to AKAH. This agreement was part of FOCUS USA’s single coordinated plan to discontinue direct funding and control of the separate major operations in the Tajikistan

## FOCUS HUMANITARIAN ASSISTANCE USA

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

geographical area. AKAH is an organization within AKDN that has a similar mission to FOCUS. Also on February 28, 2018, FOCUS USA's Board of Directors passed a resolution transferring the activities, projects, programs, personnel and assets from FOCUS Tajikistan to AKAH. These transactions resulted in a net asset transfer of \$221,957 to AKAH, as presented in the statement of activities.

The following table presents the results of operations of the discontinued operation of FOCUS Tajikistan for the period from January 1, 2018 through February 28, 2018:

	<u>Amount</u>
Revenues:	
External Grants	\$ 228,628
Funds from AKAH HQ	814,344
Total Revenues	<u>1,042,972</u>
Expenses:	
Program Direct Costs	402,457
Travel and Transportation	47,178
Personnel Costs	538,891
Occupancy Costs	27,004
Office and General Expenses	17,331
Printing, Media, and Communications	10,112
Net Value of Property and Equipment Donated to AKAH	221,957
Total Expenses	<u>1,264,929</u>
<b>Change in Net Assets</b>	<b><u>\$ (221,957)</u></b>

### NOTE 3 - INVESTMENTS

Investments are recorded in the financial statements at fair value. As of December 31, 2018, investments of FOCUS USA consisted of the following:

	<u>Amount</u>
Money market funds	\$ 25,929
Certificates of deposit, current	2,336,000
Total Current Investments	<u>2,361,929</u>
Certificates of deposit, non-current	<u>2,094,000</u>
<b>Total Investments</b>	<b><u>\$ 4,455,929</u></b>

The certificates of deposit are held at major financial institutions and have maturities within twelve to twenty-four months from the balance sheet date. Amounts that have maturities within twelve months as of the date of the Statement of Financial Position have been classified as current assets. Investments are exposed to custodial credit risks which are described in greater detail in Note 10.

FOCUS HUMANITARIAN ASSISTANCE USA

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

As of December 31, 2018, FOCUS USA has received the following unconditional financial pledges:

	<u>Amount</u>
Jamati (Ismaili Community) donations	\$ 340,674
Less: unamortized present value discount	(22,306)
Less: allowance for uncollectible accounts	(46,854)
<b>Net Contributions Receivable</b>	<b><u>\$ 271,514</u></b>

Maturities of Contributions Receivable

Amount receivable in:

Less than one year	\$ 145,689
One to five years	81,582
After five years	44,243
<b>Total Contributions Receivable</b>	<b><u>\$ 271,514</u></b>

The present value discount rate was 2.69% for 2018. The discount rate used is based on U.S. Treasury (10 years) rates, which is our best estimate of a risk-free rate of return. The amounts due in less than one year are recorded at their net realizable value, per ASC Topic 958-605-30-6 which states that unconditional promises to give that are expected to be collected in less than one year may be measured at net realizable value because that amount results in a reasonable estimate of fair value. All other amounts are subject to discounting using the risk-free rate, and are also subject to an allowance which we believe results in those amounts approximating their fair value.

**NOTE 5 – PROPERTY AND EQUIPMENT**

FOCUS USA had no property and equipment at December 31, 2018. As described in Note 2, the Organization’s property and equipment among other things were transferred in the course of 2018 to another organization within the AKDN. The following is FOCUS USA’s property and equipment activity in 2018:

	<u>Amount</u>
Leasehold improvements	\$ 113,044
Program equipment (including motor vehicles)	552,661
Total at cost	665,705
Less: Accumulated depreciation and amortization	(443,748)
Net value before transfers	221,957
Net value of assets transferred to AKAH (Note 2)	(221,957)
<b>Property and Equipment at End of Year, Net</b>	<b><u>\$ -</u></b>

Depreciation and amortization expense for the year ended December 31, 2018, amounted to \$16,999.

# FOCUS HUMANITARIAN ASSISTANCE USA

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

### NOTE 6 – RELATED PARTY TRANSACTIONS

FOCUS USA has long-term grant agreements with Aga Khan Agency for Habitat Geneva, Focus Humanitarian Assistance Europe Foundation and Focus Humanitarian Assistance Canada. Based on these grant agreements, during 2018, FOCUS USA made humanitarian grants to these charitable organizations within the Aga Khan Development Network that share a common mission.

Grants made were as follows:

	<u>Amount</u>
Focus Humanitarian Assistance Europe Foundation	\$ 406,025
Focus Humanitarian Assistance Canada	930,843
Aga Khan Agency for Habitat Geneva	3,524,187
<b>Total</b>	<b><u>\$ 4,861,055</u></b>

As of December 31, 2018, FOCUS USA has the following grants advances to related-party organizations:

	<u>Amount</u>
<b>Humanitarian Grants Advances:</b>	
Focus Humanitarian Assistance Europe Foundation	\$ 477,222
Focus Humanitarian Assistance Canada	301
Aga Khan Agency for Habitat Geneva	523
<b>Total</b>	<b><u>\$ 478,046</u></b>

As of December 31, 2018, FOCUS USA has the following grants payable to related-party organizations:

	<u>Amount</u>
<b>Humanitarian Grants Payable:</b>	
Focus Humanitarian Assistance Canada	\$ 163,912
Aga Khan Agency for Habitat Geneva	274,555
<b>Total</b>	<b><u>\$ 438,467</u></b>

FOCUS USA operates from an office located in Sugar Land, Texas. Currently there is no lease in place and the office space is being occupied rent free, with the exception of common area expenses. The common area expenses included in the financial statements for 2018 were \$6,309. The office is owned by a member organization of the Aga Khan Development Network.

# FOCUS HUMANITARIAN ASSISTANCE USA

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

### NOTE 7 – FAIR VALUE MEASUREMENTS

The following table presents FOCUS USA assets that are included in fair value measurements at December 31, 2018 within the fair value hierarchy.

	<u>Amount</u>
<b>Investments:</b>	
Level 1:	
Money market funds	\$ 25,929
Mid-term certificates of deposit	4,430,000
Total level 1	<u>4,455,929</u>
Level 2	-
Level 3	-
<b>Total Investments</b>	<u><b>\$ 4,455,929</b></u>

### NOTE 8 – NET ASSETS

As of December 31, 2018, the Organization's entire net assets of \$9,711,241 were without donor restrictions or Board-designation, and were available to support the Organization's programs and activities.

The Organization had no net assets with external restrictions as of December 31, 2018.

### NOTE 9 - STATEMENT OF FUNCTIONAL EXPENSES AND METHODS USED TO ALLOCATE EXPENSES TO THE BENEFITTED PROGRAM AND/OR SUPPORT FUNCTIONS

In accordance with FASB ASC Topic 958-720-45-2, *Functional Classification of Expenses*, the costs of providing the various programs and other activities of the Organization have been summarized on a functional basis (i.e., expenses have been classified according to the purpose for which they were incurred) in the statement of activities and in the statement of functional expenses. Most expenses have been directly classified to a single function. Certain expenses that could not be so classified have been allocated among the programs and supporting services benefited. The primary functional classifications of the Organization's uses of resources are *program services expenses*, *fundraising expenses*, and *administrative and general expenses*. Administrative and general expenses include those expenses that are not directly identifiable with the core functions but provide for the overall support and direction of the Organization. Fundraising expenses are costs incurred in connection with soliciting and raising funds from donors for the Organization's programs and activities. The Organization's core program activities are described in the statement of functional expenses.

Expenses that were allocated among the benefitted programs and supporting services include the following:

- Personnel costs are allocated based on estimates of time and effort; and
- General office expenses and telephone and communication expenses are allocated mostly between fundraising expenses and administrative and general expenses based on the combination of personnel costs and the area of space occupied by the personnel performing those support functions.

## FOCUS HUMANITARIAN ASSISTANCE USA

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

#### **NOTE 10 - CONCENTRATION OF CREDIT RISKS**

Financial instruments that are subject to concentrations of custodial credit risks consist of cash and investments.

FOCUS USA maintains deposits in primarily financial institutions considered by management as credit-worthy and strong. The Federal Deposit Insurance Corporation insures cash balances with financial institutions up to \$250,000 per customer per bank. At December 31, 2018, the uninsured cash balances were \$4,456,515. Management believes that any custodial credit risk related to cash deposits with financial institutions is low due to the overall financial strength of these financial institutions. The Organization did not experience any loss of assets resulting from a financial institution's custodial credit risk in 2018.

The Organization invested in fixed income marketable securities, including certificates of deposit described in Note 3. These investments valued at \$4,313,000, excluding cash components of \$25,929 at December 31, 2018, were held by U.S. investment companies. The Securities Investor Protection Corporation ("SIPC") insures each investor against custodial risks up to \$500,000, inclusive of a sublimit of \$250,000 for claims of cash. The Organization's securities were held by a SIPC-member company. Organization's investments in excess of SIPC insured limit were not otherwise insured.

The Organization also has a concentration of contributions from major donors. For the year ended December 31, 2018, the 10 largest donors contributed 9% of the contributions that were received.

#### **NOTE 11 – FINANCIAL ASSET AVAILABILITY AND LIQUIDITY MANAGEMENT**

As part of FOCUS USA's liquidity management, it invests cash in excess of monthly requirement in fixed income investment instruments. The Organization reasonably estimates its short term cash needs and is able to structure its financial assets' maturities to provide cash for its general expenditures, liabilities, and other obligations as they become due.

The following reflects FOCUS USA's financial assets that are available within one year of the balance sheet date, to meet cash needs:

	<u>Amount</u>
Cash	\$ 4,956,515
Investments	2,361,929
Contributions receivable	145,689
<b>Total</b>	<b><u>\$ 7,464,133</u></b>

#### **NOTE 12 –SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 6, 2019. This was the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, which would require adjustments to the financial statements.