

**HEALING THE CHILDREN NEW  
JERSEY, INC.**

Independent Auditors' Report and  
Financial Statements for the Years Ended  
December 31, 2017 and 2016

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Healing the Children New Jersey, Inc.

We have audited the accompanying financial statements of Healing the Children New Jersey, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Healing the Children New Jersey, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Quillari Caruso LLC*

Fairfield, New Jersey  
June 24, 2018

# HEALING THE CHILDREN NEW JERSEY, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 256,451	\$ 185,299
Unconditional promises to give, net	13,390	-
Investments	23,455	21,526
Prepaid expenses	2,225	4,000
Total current assets	<u>295,521</u>	<u>210,825</u>
PROPERTY AND EQUIPMENT - NET	<u>169,943</u>	<u>181,313</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 465,464</u></u>	<u><u>\$ 392,138</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accrued expenses	\$ 15,367	\$ 7,500
Long term debt - current portion	3,895	3,712
Total current liabilities	<u>19,262</u>	<u>11,212</u>
LONG TERM LIABILITIES:		
Long term debt, less current portion	<u>77,422</u>	<u>81,302</u>
Total liabilities	<u>96,684</u>	<u>92,514</u>
NET ASSETS:		
Unrestricted	343,037	276,677
Temporarily restricted	3,243	447
Permanently restricted	22,500	22,500
Total net assets	<u>368,780</u>	<u>299,624</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 465,464</u></u>	<u><u>\$ 392,138</u></u>

## HEALING THE CHILDREN NEW JERSEY, INC.

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2017	2016
<b>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS:</b>					
Contributions	\$ 112,527	\$ 23,150	\$ -	\$ 135,677	\$ 88,869
Non-cash contributions	1,342,254	-	-	1,342,254	1,365,049
Fundraising activities	231,158	-	-	231,158	173,417
Grants	2,500	2,527	-	5,027	25,200
Net assets released from restrictions					
Satisfaction of purpose restrictions	23,650	(23,650)	-	-	-
Total public support, revenues, and reclassifications	1,712,089	2,027	-	1,714,116	1,652,535
<b>EXPENSES:</b>					
Program services:					
Domestic aid	29,822	-	-	29,822	29,322
International inbound aid	741,354	-	-	741,354	810,152
Medical teams abroad	728,315	-	-	728,315	658,214
Total program services	1,499,491	-	-	1,499,491	1,497,688
Supporting services:					
Management and general	60,730	-	-	60,730	37,376
Fundraising	87,327	-	-	87,327	65,655
Total supporting services	148,057	-	-	148,057	103,031
Total expenses	1,647,548	-	-	1,647,548	1,600,719
CHANGE IN NET ASSETS BEFORE NON- OPERATING ACTIVITIES	64,541	2,027	-	66,568	51,816
NON-OPERATING ACTIVITIES:					
Investment income (loss)	1,819	769	-	2,588	1,498
CHANGE IN NET ASSETS	66,360	2,796	-	69,156	53,314
NET ASSETS, BEGINNING OF YEAR	276,677	447	22,500	299,624	246,310
NET ASSETS, END OF YEAR	\$ 343,037	\$ 3,243	\$ 22,500	\$ 368,780	\$ 299,624

# HEALING THE CHILDREN NEW JERSEY, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from contributions and grants	\$ 140,704	\$ 114,069
Cash received from fundraising	231,158	173,417
Cash paid to employees and vendors	<u>(289,759)</u>	<u>(217,925)</u>
Net Cash Provided By Operating Activities	<u>82,103</u>	<u>69,561</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	-	6,039
Interest and dividends received	929	857
Purchase of property and equipment	(2,240)	-
Purchases of investments	<u>(1,929)</u>	<u>(8,101)</u>
Net Cash (Used For) Investing Activities	<u>(3,240)</u>	<u>(1,205)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term debt	(3,697)	(3,512)
Interest paid	<u>(4,014)</u>	<u>(4,199)</u>
Net Cash (Used For) Financing Activities	<u>(7,711)</u>	<u>(7,711)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	71,152	60,645
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>185,299</u>	<u>124,654</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$ 256,451</u></u>	<u><u>\$ 185,299</u></u>

# HEALING THE CHILDREN NEW JERSEY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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### 1. NATURE OF ACTIVITIES

Healing the Children New Jersey, Inc. (the “Organization”) is a nonprofit organization which arranges for donated medical services for needy children who otherwise could not afford such treatment. There are children in this world who do not receive necessary medical care because of inadequate resources in the area in which they live. There are concerned individuals and organizations willing and able to provide the necessary medical care for these children. The Organization acts as a referral agency for the purpose of placing these children with appropriate medical resources and families that will support their needs.

In addition, the Organization facilitates the connection between the children and the necessary medical care by locating these needy children, identifying their specific medical needs, recruiting medical personnel and facilities to provide the required care, arranging for temporary placement of children with host families who will furnish loving support for the children in the community where the care will be provided, coordinating logistics between all involved parties and cooperate with other local, national or international agencies in meeting the medical and placement needs of the children, and raising the funds necessary to do so.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting** --- The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of presentation** --- The Organization presents its financial statements using guidance provided by the American Institute of Certified Public Accountants’ Audit & Accounting Guide for *Not-for-Profit Entities*. The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) in preparing and presenting their financial statements. ASC Paragraphs 958-205-45-2(a) through (d) establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Paragraphs 958-605-45-3 through 7, *Contributions Received*, requires that unconditional promises to give be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. Accordingly, net assets of the Organization and changes therein would be classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations. This represents the portion of expendable funds available to support the Organization’s programs and activities.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

# HEALING THE CHILDREN NEW JERSEY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (CONT.)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### **Basis of Presentation (Cont.) ---**

*Permanently restricted net assets* - Net assets subject to donor-imposed restrictions stipulate that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. In December of 2001, an endowment of \$22,500 was established to fund an annual nurse's recognition award.

**Fair Value (Hierarchy) of Financial Instruments ---** The Organization measures fair value of its assets and liabilities as defined by FASB ASC Topic 820, *Fair Value Measurement and Disclosure*. This ASC Topic defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The three fair value hierarchy levels are defined as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;

Level 3 – Inputs are unobservable inputs for the assets and liabilities. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available. Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

Unless otherwise noted, the fair values of financial instruments approximate their carrying values. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value. FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements.

As of December 31, 2017 and 2016, except for investments, none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative instruments, including cash, accounts receivable, unconditional promises to give, accounts payable and accrued expenses, approximate fair value, due to the short term nature of these financial instruments. There are no changes in methods or assumptions during the year ended December 31, 2017 and 2016.



# HEALING THE CHILDREN NEW JERSEY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (CONT.)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**Cash and cash equivalents** --- For purposes of the statement of cash flows, the Organization considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

**Investments** --- The Organization invests in marketable securities which are classified as available for sale. Realized gains and losses on investments, interest and dividends are included in non-operating income in the accompanying statements of activities.

Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Property and equipment** --- Property and equipment are recorded at cost and are depreciated using the straight-line basis over the approximate useful lives. The Organization's policy is to capitalize property and equipment with a purchase price of \$1,000 or more and a useful life of one year or more. Expenditures for maintenance, repairs and renewals of minor items are charged to earnings as incurred. Major renewals, improvements and expenditures which increase the useful lives of assets are capitalized.

The Organization uses the following estimated useful lives:

Asset Class	Years
Building and improvements	7-39
Office furniture and fixtures	5
Medical equipment	7-10

**Impairment of Long-lived assets** --- The Organization continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of property and equipment in accordance with the provisions of ASC 360-10-05, *Impairment or Disposals of Long-Lived Assets*.

**Revenue and support recognition** --- Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using interest rates consistent with unsecured individual credit rates applicable to the years in which the promises to give are to be received. The Organization accounts for fundraising in the statement of activities to the extent that expenses have been incurred for the purpose specified by the customer during the period.

# HEALING THE CHILDREN NEW JERSEY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (CONT.)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**Donated goods and services** --- To provide additional support for its medical assistance to children, the Organization solicits and receives donations of supplies, equipment, and volunteer support. During the years ended December 31, 2017 and 2016, the Organization received donations of supplies and airfare with combined values of \$195,926 and \$297,009 respectively. During the years ended December 31, 2017 and 2016, the Organization was provided with volunteer services of skilled doctors and nurses, donated hospital care, and host family expenditures valued at \$1,146,328 and \$1,068,040 respectively. The value of contributed services relating to the providing of medical services was determined by the following methods: For procedures performed by the medical teams abroad, the value was determined based upon Medicare rates for the procedures performed and the actual cost as provided by receipts of airfare and medical supplies. For the international inbound program, the Organization obtained a value for the medical care from the participating doctors and hospitals for each case.

**Functional Allocation of Expenses** --- Expenses are charged to the Organization's major programs based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to the programs based on units of service and support or by methods considered by management to be reasonable. Program expenses are those related to Domestic Aid, International Inbound and Medical Teams Abroad services. Management and general expenses relate to administrative expenses incurred to operate the program.

**Income taxes** --- The Organization is a not-for-profit organization described under Section 501(c)(3) of the Internal Revenue Code ("I.R.C.") and is therefore exempt from federal income taxes under Section 501(a) of the I.R.C. The Organization is also exempt under corresponding state statutes in New Jersey. Accordingly, no provision for Federal or State income taxes has been presented in the accompanying financial statements

The Organization adheres to FASB ASC Topic 740, *Income Taxes*, which provides guidance and clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. For the years ended December 31, 2017 and 2016, the Organization has no material uncertain tax positions to be accounted for in the financial statements.

Annually, the Organization files an informational return with the United States Internal Revenue Service. The Organization also files an annual charitable registration with the State of New Jersey, Division of Consumer Affairs. All required tax returns have been filed and all taxes have been paid. The Organization is no longer subject to tax examinations for tax years ended December 31, 2013 and prior.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# HEALING THE CHILDREN NEW JERSEY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (CONT.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**Reclassifications** --- Certain amounts from prior year financial statements have been reclassified to conform to current year presentation.

**Management evaluation** --- Management has evaluated subsequent events through June 24, 2018, the date on which the financial statements were available to be issued and have determined that there are no subsequent events that require disclosure.

### 3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at December 31, 2017 and 2016 .

	<u>2017</u>	<u>2016</u>
Unrestricted promises	\$ 13,390	\$ -
Net unconditional promises to give	<u>\$ 13,390</u>	<u>\$ -</u>

Promises to give due in more than one year are recognized at fair value, using present value techniques and discount rates of approximately 13% - 17% based on risk adjusted credit ratings. These rates are adjusted annually based on the market.

	<u>2017</u>	<u>2016</u>
<i>Amounts due:</i>		
Less than one year	\$ 13,390	\$ -
Unconditional promises to give, net	<u>\$ 13,390</u>	<u>\$ -</u>

### 4. INVESTMENTS

The cost basis and estimated fair value of investments held as available for sale by the Organization at December 31, 2017 and 2016 are as follows:

	<u>Cost</u>	<u>Gross unrealized holdings gains</u>	<u>Gross unrealized holdings losses</u>	<u>Estimated fair value</u>
Mutual Funds, at 12/31/2017	\$ 22,177	\$ 1,278	\$ -	\$ 23,455

# HEALING THE CHILDREN NEW JERSEY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (CONT.)

### 4. INVESTMENTS (CONT.)

	<u>Cost</u>	<u>Gross unrealized holdings gains</u>	<u>Gross unrealized holdings losses</u>	<u>Estimated fair value</u>
Mutual Funds at 12/31/2016	\$ 21,908	\$ -	\$ 382	\$ 21,526

The composition of investment returns included in all funds in the statements of activities for the years ended December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 928	\$ 857
Realized losses	-	(1,092)
Change in net unrealized gains/ (losses)	1,660	1,733
Total All Funds	<u>\$ 2,588</u>	<u>\$ 1,498</u>

In evaluating unrealized losses for other-than-temporary impairment, management considers the severity of the unrealized loss for the individual securities. All unrealized losses were less than one year, and there were no investments that experienced declines in value that management believes are other than temporary in nature.

### 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs.

The following table presents the Organization's financial assets which are measured and recorded at fair value on a recurring basis:

<u>December 31, 2017</u>	<u>Fair value</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>
Available for sale securities		
Mutual Funds:		
Short-term bonds	\$ 10,443	\$ 10,443
Multisector bonds	13,012	13,012
Total	<u>\$ 23,455</u>	<u>\$ 23,455</u>

# HEALING THE CHILDREN NEW JERSEY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (CONT.)

### 5. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.)

<u>December 31, 2016</u>	<u>Fair value</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>
Available for sale securities		
Mutual Funds:		
Short-term bonds	\$ 10,247	\$ 10,247
Multisector bonds	11,279	11,279
Total	<u>\$ 21,526</u>	<u>\$ 21,526</u>

### 6. PROPERTY AND EQUIPMENT

A summary of the Organization's property and equipment as of December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Building and improvements	\$ 184,791	\$ 184,791
Land	33,900	33,900
Office furniture and fixtures	29,111	26,871
Medical equipment	60,651	60,651
	<u>308,453</u>	<u>306,213</u>
Less: accumulated depreciation	138,510	124,900
Total	<u>\$ 169,943</u>	<u>\$ 181,313</u>

Depreciation expense for the years ended December 31, 2017 and 2016 amounted to \$13,611 and \$14,546 respectively.

### 7. LONG TERM DEBT

	<u>2017</u>	<u>2016</u>
Mortgage payable to Columbia Bank bearing interest at 4.75%, payable in monthly payments, including interest, of \$643 for 10 years and a balloon payment due September 1, 2022, collateralized by the office building in Hawthorne, NJ.	\$ 81,317	\$ 85,014
Less: current portion	3,895	3,712
Long term portion	<u>\$ 77,422</u>	<u>\$ 81,302</u>

# HEALING THE CHILDREN NEW JERSEY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (CONT.)

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### 7. LONG TERM DEBT (CONT.)

The required future principal payments are as follows:

2018	\$	3,895
2019		4,086
2020		4,287
2021		4,498
2022		64,551
	\$	<u>81,317</u>

### 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Nurse of the Year Award	\$ 500	\$ 447
Medical Trips	<u>2,743</u>	<u>-</u>
Total net assets available for use	<u>\$ 3,243</u>	<u>\$ 447</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Medical Trips	\$ 23,150	\$ 11,622
Nurse of the Year Award	<u>500</u>	<u>500</u>
Total restrictions released	<u>\$ 23,650</u>	<u>\$ 12,122</u>

### 9. RELATED PARTY TRANSACTIONS (AFFILIATE ORGANIZATIONS)

**National dues and donations** --- The Organization pays annual dues and contributions to the projects of the national affiliate Healing the Children National. The Organization paid dues of \$4,400 and \$4,000 respectively for the years 2017 and 2016 respectively.

### 10. CONCENTRATIONS OF CREDIT RISK

**Arising from cash deposits in excess of insured limits** --- The Organization maintains the majority of its cash accounts in two financial institution located in northern New Jersey. During the year, cash balances can exceed federally insured limits of \$250,000. Management believes that the Organization has no significant risk of loss on these amounts due to the failure of the institution.

# HEALING THE CHILDREN NEW JERSEY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (CONT.)

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### 10. CONCENTRATIONS OF CREDIT RISK (CONT.)

**Funding dependence** --- All of the funding for the Organization comes from donor assistance. This funding is dependent upon monies from individuals and other nonprofits or foundations, accordingly there is no guarantee that such funding will continue.

## HEALING THE CHILDREN NEW JERSEY, INC.

### SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

	Program Services				Supporting Services		Total	
	Domestic aid	International inbound aid	Medical teams abroad	Total	Management and general	Fundraising	2017	2016
Personnel costs:								
Salaries and wages	\$ 10,290	\$ 35,548	\$ 14,968	\$ 60,806	\$ 11,225	\$ 21,517	\$ 93,548	\$ 70,941
Payroll taxes	1,021	3,528	1,486	6,035	1,114	2,134	9,283	7,354
Total personnel costs	11,311	39,076	16,454	66,841	12,339	23,651	102,831	78,295
Donated airfare	-	-	85,068	85,068	-	-	85,068	40,679
Donated medical services	-	627,268	519,060	1,146,328	-	-	1,146,328	1,068,040
Donated medical supplies	-	60,661	50,197	110,858	-	-	110,858	256,330
Medical supplies and assistance	15,483	3,891	15,550	34,924	-	-	34,924	42,636
Travel and meetings	-	-	34,060	34,060	-	-	34,060	15,183
Shipping and postage	-	-	-	-	2,000	-	2,000	2,416
Stationery and office expense	-	-	-	-	15,779	-	15,779	11,716
Events	-	-	-	-	-	57,346	57,346	40,427
Professional fees	839	2,898	1,220	4,957	914	1,754	7,625	9,125
Dues and subscriptions	-	-	-	-	4,940	-	4,940	4,172
Informational technology	-	-	-	-	3,890	-	3,890	627
Utilities	250	863	364	1,477	273	522	2,272	3,522
Publicity	-	-	-	-	7,283	-	7,283	660
Repairs and maintenance	-	-	-	-	2,472	-	2,472	1,164
Interest	442	1,525	642	2,609	482	923	4,014	4,199
Insurance	-	-	3,522	3,522	6,381	-	9,903	6,133
Miscellaneous	-	-	-	-	2,344	-	2,344	849
Total expenses before depreciation	28,325	736,182	726,137	1,490,644	59,097	84,196	1,633,937	1,586,173
Depreciation	1,497	5,172	2,178	8,847	1,633	3,131	13,611	14,546
Total expenses	\$ 29,822	\$ 741,354	\$ 728,315	\$ 1,499,491	\$ 60,730	\$ 87,327	\$ 1,647,548	\$ 1,600,719



**HEALING THE CHILDREN NEW JERSEY, INC.**

**SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services				Supporting Services		Total
	Domestic aid	International inbound aid	Medical teams abroad	Total	Management and general	Fundraising	
Personnel costs:							
Salaries and wages	\$ 7,804	\$ 26,958	\$ 11,351	\$ 46,113	\$ 8,512	\$ 16,316	\$ 70,941
Payroll Taxes	809	2,795	1,177	4,781	882	1,691	7,354
Total personnel costs	8,613	29,753	12,528	50,894	9,394	18,007	78,295
Donated airfare	-	-	40,679	40,679	-	-	40,679
Donated medical services	-	757,571	310,469	1,068,040	-	-	1,068,040
Donated medical supplies	-	-	256,330	256,330	-	-	256,330
Medical supplies and assistance	17,257	10,899	14,480	42,636	-	-	42,636
Travel and meetings	-	-	15,183	15,183	-	-	15,183
Shipping and postage	-	-	-	-	2,416	-	2,416
Stationery and office expense	-	-	-	-	11,716	-	11,716
Events	-	-	-	-	-	40,427	40,427
Professional fees	1,003	3,468	1,460	5,931	1,095	2,099	9,125
Dues and subscriptions	-	-	-	-	4,172	-	4,172
Informational technology	-	-	-	-	627	-	627
Utilities	387	1,338	564	2,289	423	810	3,522
Publicity	-	-	-	-	660	-	660
Repairs and maintenance	-	-	-	-	1,164	-	1,164
Interest	462	1,596	672	2,730	503	966	4,199
Insurance	-	-	3,522	3,522	2,611	-	6,133
Miscellaneous	-	-	-	-	849	-	849
Total expenses before depreciation	27,722	804,625	655,887	1,488,234	35,630	62,309	1,586,173
Depreciation	1,600	5,527	2,327	9,454	1,746	3,346	14,546
Total expenses	\$ 29,322	\$ 810,152	\$ 658,214	\$ 1,497,688	\$ 37,376	\$ 65,655	\$ 1,600,719