

# Transparent Soul Foundation (US), Inc.

Independent Auditor's Report  
and Financial Statements for the  
Year Ended December 31, 2020



Richard Bennoch CPA  
*Certified Public Accountants*  
*Nonprofit CPA and Consultants*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Transparent Soul Foundation (US), Inc.  
Arlington, Virginia

### Opinion

We have audited the accompanying financial statements of Transparent Soul Foundation (US), Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transparent Soul Foundation (US), Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Transparent Soul Foundation (US), Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Transparent Soul Foundation (US), Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Transparent Soul Foundation (US), Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Transparent Soul Foundation (US), Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Emphasis of a Matter**

##### *Correction of an Error*

As described in Note 10 to the financial statements, accounts payable and contracted services were understated in the prior year. The error was discovered by management in the current year and a prior period adjustment was recorded to the beginning net assets as of December 31, 2020.

## *Richard Bennoch CPA*

Richard Bennoch CPA  
Certified Public Accountants  
Houston, Texas

March 24, 2022

# Transparent Soul Foundation (US), Inc.

## Statement of Financial Position

<i>As of December 31,</i>	2020
<b>Assets</b>	
Cash and cash equivalents	\$ 150,587
<b>Total Assets</b>	<b>\$ 150,587</b>
<b>Liabilities and Net Assets</b>	
Liabilities	
Accounts payable	\$ 2,000
Payroll liabilities	3,502
SBA loan	6,500
<b>Total Liabilities</b>	<b>12,002</b>
Net Assets	
Without donor restrictions	138,585
With donor restrictions	-
<b>Total Net Assets</b>	<b>138,585</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 150,587</b>

# Transparent Soul Foundation (US), Inc.

## Statement of Activities

<b>Year Ended December 31,</b>	Without Donor Restrictions	With Donor Restrictions	2020 Total
<b>Public Support and Revenues</b>			
Contributions	\$ 552,973	\$ -	\$ 552,973
In-kind donations	3,000	-	3,000
Government grant	8,000	-	8,000
Net assets released from restrictions	-	-	-
<b>Total Public Support and Revenues</b>	<b>563,973</b>	<b>-</b>	<b>563,973</b>
<b>Expenses</b>			
Program Services			
Healthcare support in US and UK	371,699	-	371,699
<b>Total Program Services</b>	<b>371,699</b>	<b>-</b>	<b>371,699</b>
Supporting Services			
Management and general	13,052	-	13,052
Fundraising	74,310	-	74,310
<b>Total Supporting Services</b>	<b>87,362</b>	<b>-</b>	<b>87,362</b>
<b>Total Expenses</b>	<b>459,061</b>	<b>-</b>	<b>459,061</b>
<b>Change in Net Assets</b>	<b>104,912</b>	<b>-</b>	<b>104,912</b>
<b>Net Assets, Beginning of Year (as restated)</b>	<b>33,673</b>	<b>-</b>	<b>33,673</b>
<b>Net Assets, End of Year</b>	<b>\$ 138,585</b>	<b>\$ -</b>	<b>\$ 138,585</b>

# Transparent Soul Foundation (US), Inc.

## Statement of Functional Expenses

<i>Year Ended December 31,</i>	Program Services		Supporting Services		Total Supporting Services	2020 Total
	Healthcare Support in US and UK	Management and General	Fundraising			
<b>Salaries and Related Expenses</b>						
Salaries and wages	\$ 1,200	\$ 1,200	\$ 1,600	\$ 2,800	\$ 4,000	
Payroll taxes	92	92	122	214	306	
<b>Total Salaries and Related Expenses</b>	<b>1,292</b>	<b>1,292</b>	<b>1,722</b>	<b>3,014</b>	<b>4,306</b>	
<b>Other Expenses</b>						
Accounting	-	32	-	32	32	
Advertising	-	-	16,048	16,048	16,048	
Bank fees	-	855	-	855	855	
Contracted services	8,760	8,760	33,680	42,440	51,200	
Dues and subscriptions	-	289	-	289	289	
Healthcare services	357,140	-	-	-	357,140	
Office supplies and software	-	110	-	110	110	
Parking	-	500	-	500	500	
Payment processing fees	-	-	21,660	21,660	21,660	
Postage and shipping	-	69	-	69	69	
Rent	900	900	1,200	2,100	3,000	
Taxes and licenses	-	245	-	245	245	
Travel	3,607	-	-	-	3,607	
<b>Total Other Expenses</b>	<b>370,407</b>	<b>11,760</b>	<b>72,588</b>	<b>84,348</b>	<b>454,755</b>	
<b>Total Expenses</b>	<b>\$ 371,699</b>	<b>\$ 13,052</b>	<b>\$ 74,310</b>	<b>\$ 87,362</b>	<b>\$ 459,061</b>	

The accompanying notes are an integral part of these financial statements.

# Transparent Soul Foundation (US), Inc.

## Statement of Cash Flows

<i>Year Ended December 31,</i>	2020
<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ 104,912
Adjustments to reconcile change in net assets to net change in cash from operating activities:	
Changes in assets and liabilities:	
Accounts payable	(3,000)
Accrued liabilities	3,502
Total Adjustments	502
Net Change from Operating Activities	105,414
<b>Cash Flows From Investing Activities</b>	
None	-
Net Change from Investing Activities	-
<b>Cash Flows From Financing Activities</b>	
Loan proceeds	6,500
Net Change from Financing Activities	6,500
<b>Net Change in Cash and Cash Equivalents</b>	111,914
Cash and Cash Equivalents, Beginning of Year	38,673
<b>Cash and Cash Equivalents, End of Year</b>	\$ 150,587



# Transparent Soul Foundation (US), Inc.

## Notes to Financial Statements

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### NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Transparent Soul Foundation (US), Inc. (the "Organization") is a not-for-profit organization incorporated in 2014 and organized as the largest technology platform for crowdfunding in the healthcare sector of US and UK. They offer a complete range of free healthcare services including medical and surgical treatments and arranging medical camps for the underprivileged community of US and UK. The platform provides visibility of needy patients and builds a personal and trusted bond between patients and donors while ensuring complete transparency. It also sets up free medical camps in the rural areas of US and UK in which, free consultation, free medicines and free diagnostic tests facility is provided to the deserving patients. The Organization is supported primarily through donor contributions.

Transparent Soul organizes free medical camps all across US and UK to provide free treatment to the poor people. They have organized over 60 medical camps. In these medical camps, their team of dedicated doctors and specialists provide the following facilities to approximately 2,500 to 3,000 deserving patients:

- Free Consultation
- Free Blood Pressure Test
- Free Diabetes Test
- Free Hepatitis B & C Screening Test
- Free Medicines
- Free Registration of Deserving Cases for Surgeries and Medical Procedures

#### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

# Transparent Soul Foundation (US), Inc.

## Notes to Financial Statements

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### Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

### Donated Assets

Donated assets and other noncash donations are recorded as contributions at their fair values at the date of donation.

### Contributed Services

The Organization receives services donated by volunteers in carrying out the Organization's programs. Contributions of services are recognized as support at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Revenue Recognition

Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. 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 and reported in the Statement of Activities as net assets released from restrictions.

### Income Taxes

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, (formerly FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109*), 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. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

# Transparent Soul Foundation (US), Inc.

## Notes to Financial Statements

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The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

### Investments and Fair Value of Financial Instruments

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- (i) Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- (ii) 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;
  - inputs that are derived principally from or corroborated by observable market data by correlation or by other means.
- (iii) Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability'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 and minimize the use of unobservable inputs.

As of December 31, 2020, cash and cash equivalents held by the Organization of \$150,587, were reported at fair value using a Level 1 measure.

### Advertising Expense

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2020 was \$16,048.

### Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

## **NOTE 2 – CONCENTRATION OF CREDIT RISKS**

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. The Organization maintains cash balances at a financial institution located in Virginia. As of December 31, 2020, all of the Organizations cash balances were fully insured.

# Transparent Soul Foundation (US), Inc.

## Notes to Financial Statements

### NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020, comprise the following:

Cash and cash equivalents	\$150,587
Financial assets available to meet cash needs for general expenditures within one year	\$150,587

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Organization is substantially supported by tuition and fees, and regularly monitors liquidity required to meet its operating needs. 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 obligations become due.

### NOTE 4 – NET ASSETS WITHOUT DONOR RESTRICTION

As of December 31, 2020, net assets without donor restriction consisted of the following:

Undesignated	\$138,585
Total Net Assets Without Donor Restrictions	\$138,505

### NOTE 5 – OPERATING LEASES

On July 1, 2020, the Organization entered into an operating lease agreement for facility space effective July 1, 2020 until June 30, 2022 with a monthly payment of \$500 for twenty-four (24) months.

The future minimum lease payments under the non-cancellable operating lease for the year ended December 31, 2020 is as follows:

Fiscal-Year ended:	
2021	\$6,000
2022	3,000
Total Future Minimum Lease Payments	\$9,000

The lessor provided an in-kind donation for the initial six (6) months of rent. Accordingly, the Organization recorded both an in-kind contribution revenue and rent expense for the year ended December 31, 2020 of \$3,000.

### NOTE 6 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which replaces most existing revenue recognition guidance for exchange transactions not specifically covered by other guidance. This ASU does not apply to non-exchange transactions such as contributions. The core principle of the new guidance is that an entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services and establishes a 5-step process to determine when performance obligations are satisfied and revenue is recognized.

# Transparent Soul Foundation (US), Inc.

## Notes to Financial Statements

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The Organization adopted this ASU for fiscal year ended December 31, 2020 using an appropriate retrospective method. Adoption of ASU 2014-09 resulted in no changes in presentation of the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization adopted ASU 2018-08 on July 1, 2019, using a modified prospective basis. The adoption of ASU 2018-08 did not have a material impact on the financial statements.

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

### **NOTE 7 – NEW ACCOUNTING PRONOUNCEMENTS**

#### Accounting for Leases

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting. In June 2020, the FASB issued an amendment to the pronouncement extending the effective date from reporting periods after December 15, 2019 to reporting periods after December 31, 2021 due to the adverse effects of the COVID-19 pandemic. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

### **NOTE 8 – RELATED PARTY TRANSACTIONS**

The Organization is a U.S. based tax-exempt 501(c)(3) charity that supports free healthcare services for the underprivileged in US and UK. The Organization supports specific programs, initiatives, and projects of Transparent Soul Trust (the "Trust"), one of the leading non-governmental organizations providing healthcare services in Lahore, US and UK. The Organization's Board of Directors exercises full discretion and control over the use of all donations and in the making of grants to support specific projects in US and UK.

For the year ended December 31, 2020, the Organization granted the Trust \$357,140, or seventy-eight percent (78%) of the Organization's total expenses, for programs related to healthcare procedures and medical camps.

### **NOTE 9 – Emergency Economic Injury Grant**

In July 2020, the Organization received financial relief of \$8,000 under the Small Business Administration's Economic Injury Disaster Grants (EIDG) program. The EIDG was designed by the SBA to help provide relief for small businesses and nonprofit organizations affected by the Covid-19 disaster. The EIDG was given as an advance when an applicant applied for an Economic Injury Disaster Loan (EIDL) and will not have to be repaid.

### **NOTE 10 – LONG TERM DEBT**

In July 2020, the Organization obtained an Economic Injury Disaster Loan of \$6,500 from the Small Business Association (SBA). The loan is due in monthly installments of \$28, at an annual rate of two and three-quarters of a percent (2.75%) for thirty (30) years, expiring June 2050. Principal and interest payments have been approved for deferment by the SBA for twelve (12) months. As of December 31, 2020, the balance of the loan was \$6,500.

# Transparent Soul Foundation (US), Inc.

## Notes to Financial Statements

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The future scheduled maturities of long-term debt are as follows:

2021	\$ 70
2022	143
2023	147
2024	152
2025	155
Thereafter	5,833
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Total	\$6,500

### **NOTE 11 – PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2020, errors were noted in the prior year financial statements, resulting in the understatement of accounts payable and contract services for the year ended December 31, 2019; accordingly, the beginning balance of net assets has been restated in these financial statements. Beginning net assets were debited and contract services were credited \$5,000 for the year ended December 31, 2020.

### **NOTE 12 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 24, 2022, the date the financial statements were available to be issued. The Organization has determined that no change to the financial statements for the year ended December 31, 2020 is deemed necessary as a result of this evaluation.

Due to the ongoing COVID-19 pandemic, the Organization continues to evaluate current economic conditions and the impact on the Organization's operations for the year ended December 31, 2020, as the long-term effects of the pandemic are uncertain.