

HELP THE HELPLESS

FINANCIAL STATEMENTS

December 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Help the Helpless
Minneapolis, Minnesota

We have audited the accompanying financial statements of Help the Helpless (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, 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 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 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 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 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 Help the Helpless as of December 31, 2013 and 2012, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Simma Flottesch & Orenstein, P.L.L.C." The signature is written in a cursive, flowing style.

Minneapolis, Minnesota
November 7, 2014

HELP THE HELPLESS

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 1,064,534	\$ 523,443
Pledges receivable, less allowance for doubtful accounts of \$5,000 and \$10,000, respectively	2,980	8,299
Investments	19,785	17,905
Prepaid expenses	205	200
Property and equipment, net of accumulated depreciation	<u>1,705</u>	<u>1,772</u>
TOTAL ASSETS	<u>\$ 1,089,209</u>	<u>\$ 551,619</u>
<u>LIABILITIES AND NET ASSETS</u>		
ACCOUNTS PAYABLE	\$ 2,125	\$ 2,581
NET ASSETS		
Unrestricted	1,084,104	540,739
Temporarily restricted	<u>2,980</u>	<u>8,299</u>
TOTAL NET ASSETS	<u>1,087,084</u>	<u>549,038</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,089,209</u>	<u>\$ 551,619</u>

SEE NOTES TO FINANCIAL STATEMENTS

HELP THE HELPLESS

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2013 and 2012

	2013			2012		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES, GAINS AND OTHER SUPPORT						
Contributions	\$ 780,516	\$ 12,597	\$ 793,113	\$ 773,958	\$ 15,313	\$ 789,271
Investment income	2,859	-	2,859	819	-	819
Net assets released from restrictions	<u>17,916</u>	<u>(17,916)</u>	<u>-</u>	<u>11,258</u>	<u>(11,258)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	801,291	(5,319)	795,972	786,035	4,055	790,090
EXPENSES						
Program services	200,960	-	200,960	554,290	-	554,290
Supporting services						
Management and general	42,523	-	42,523	44,936	-	44,936
Fund raising	<u>14,443</u>	<u>-</u>	<u>14,443</u>	<u>16,412</u>	<u>-</u>	<u>16,412</u>
TOTAL EXPENSES	<u>257,926</u>	<u>-</u>	<u>257,926</u>	<u>615,638</u>	<u>-</u>	<u>615,638</u>
CHANGE IN NET ASSETS	543,365	(5,319)	538,046	170,397	4,055	174,452
NET ASSETS, BEGINNING OF YEAR	<u>540,739</u>	<u>8,299</u>	<u>549,038</u>	<u>370,342</u>	<u>4,244</u>	<u>374,586</u>
NET ASSETS, END OF YEAR	<u>\$ 1,084,104</u>	<u>\$ 2,980</u>	<u>\$ 1,087,084</u>	<u>\$ 540,739</u>	<u>\$ 8,299</u>	<u>\$ 549,038</u>

SEE NOTES TO FINANCIAL STATEMENTS

HELP THE HELPLESS

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2013 and 2012

	2013				2012			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Bank fees	\$ -	\$ 5,980	\$ -	\$ 5,980	\$ -	\$ 4,803	\$ -	\$ 4,803
Contributions and aid expense	201,541	-	-	201,541	550,072	-	-	550,072
Contract labor	-	16,707	-	16,707	-	19,436	-	19,436
Depreciation	-	782	-	782	-	1,262	-	1,262
Miscellaneous	-	3,126	-	3,126	-	3,402	-	3,402
Postage and delivery	-	604	6,193	6,797	-	194	5,716	5,910
Printing and publications	-	-	8,250	8,250	-	-	10,696	10,696
Professional fees	-	11,140	-	11,140	-	11,318	-	11,318
Pledges written off (net of change in allowance)	(581)	-	-	(581)	4,218	-	-	4,218
Supplies	-	2,338	-	2,338	-	2,692	-	2,692
Utilities	-	1,846	-	1,846	-	1,829	-	1,829
	<u>\$ 200,960</u>	<u>\$ 42,523</u>	<u>\$ 14,443</u>	<u>\$ 257,926</u>	<u>\$ 554,290</u>	<u>\$ 44,936</u>	<u>\$ 16,412</u>	<u>\$ 615,638</u>

SEE NOTES TO FINANCIAL STATEMENTS

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STATEMENTS OF CASH FLOWS

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 538,046	\$ 174,452
Items not affecting cash		
Depreciation	782	1,262
Net increase in fair market value of investments	(1,340)	(140)
Decrease in allowance for doubtful accounts	(5,000)	-
Change in assets and liabilities		
Pledges receivable	10,319	(4,055)
Prepaid expenses	(5)	1,744
Accounts payable	(456)	1,721
Cash provided by operating activities	<u>542,346</u>	<u>174,984</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(540)	(237)
Purchases of property and equipment	<u>(715)</u>	<u>(529)</u>
Cash used for investing activities	<u>(1,255)</u>	<u>(766)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	541,091	174,218
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>523,443</u>	<u>349,225</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,064,534</u>	<u>\$ 523,443</u>

SEE NOTES TO FINANCIAL STATEMENTS

HELP THE HELPLESS

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

(1) Nature of Organization

Help the Helpless (the Organization) is a Minnesota non-profit organization formed solely for the purpose of aiding St. Mary's School (St. Mary's), a Catholic educational and orphanage facility located in India for the handicapped, deaf and poor. The Organization solicits contributions from the general public to support the needs of St. Mary's. St. Mary's uses this aid to support its operations which include providing food, clothing, school supplies and other daily necessities for the children. St. Mary's also uses these funds for maintaining facilities and paying salaries to the personnel who work at the school.

(2) Summary of Significant Accounting Policies

Significant accounting policies of the Organization are summarized below:

Cash and Cash Equivalents – Cash and cash equivalents consist of a cash account, a certificate of deposit and a money market account maintained at one financial institution, all of which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per depository institution.

Investments – Investments consist of stocks and mutual funds, all of which are stated at fair market value.

Contributions and Donations – Contributions received and unconditional promises to give are measured at their fair market value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Donated materials and equipment are recorded as contributions at estimated fair market values as of the date received. No amounts have been reflected in the Organization's accompanying statements for volunteer services, as general volunteer labor does not meet the criteria for recognition of in-kind services under FASB Accounting Standards Codification 958, Not-for-Profit Entities. However, the Organization's overall success is in part attributable to those volunteers who have contributed approximately 2,200 and 2,900 hours of service for the years ending December 31, 2013 and 2012.

Property and Equipment – The Organization capitalizes property and equipment over \$100, with lesser amounts expensed. Property and equipment are stated at cost and depreciation is computed using the accelerated methods over the estimated useful life of 3-5 years.

Functional Allocation of Expenses – The costs of providing program and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

(2) Summary of Significant Accounting Policies, Continued

Income Tax – The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under section 509(a) of the Internal Revenue Code and charitable contributions by donors are tax deductible. The Organization's Federal income tax returns are subject to examination by the IRS, generally for three years after they were filed (and four years for State examination).

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 reported amounts and related disclosures. Actual results could differ from those estimates.

(3) Investments

Investments consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Stocks	\$ 9,817	\$ 9,184
Mutual funds	<u>9,968</u>	<u>8,721</u>
	<u>\$ 19,785</u>	<u>\$ 17,905</u>

Investment income is comprised of the following for the years ending December 31:

	<u>2013</u>	<u>2012</u>
Dividend and interest income	\$ 1,519	\$ 679
Fair market value appreciation (depreciation)	<u>1,340</u>	<u>140</u>
	<u>\$ 2,859</u>	<u>\$ 819</u>

(4) Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 6,228	\$ 5,513
Accumulated depreciation	<u>(4,523)</u>	<u>(3,741)</u>
	<u>\$ 1,705</u>	<u>\$ 1,772</u>

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December 31, 2013 and 2012

(5) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Pledges designated for the years 2013 and 2012	\$ 2,980	\$ 8,299

(6) Fair Value Measurements

Fair Value measures are classified into a three-tier fair value hierarchy based on the nature of the inputs used in determining fair value. The following is a description of each classification:

Level 1 –	Observable inputs such as quoted prices in active markets.
Level 2 –	Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.
Level 3 –	Unobservable inputs in which there is little or no market data, which require management to develop its own assumptions for valuation and pricing

The fair value of all investments, referred to in Note 3, were level 1 under the fair value hierarchy as of December 31, 2013 and 2012.

(7) Contribution and Aid Expense, St. Mary's

The Organization contributed aid totaling \$201,541 and \$550,072 for the years ended December 31, 2013 and 2012 to St. Mary's. These funds were used to support the day to day operations of the school and orphanage, as well as provide for the needs of the children. During 2013 Help the Helpless decreased their aid to St. Mary's and contracted a Certified Public Accountant (CPA) in India to conduct an independent audit of St. Mary's to confirm that the aid provided by Help the Helpless was being used for the designated purpose and to determine if the income from the schools at St. Mary's is sufficient enough to allow St. Mary's to be self-sustaining. Based on the preliminary audit report received from the CPA firm in India, it appears the aid provided by Help the Helpless is being used for its intended purpose, but St. Mary's doesn't appear to be fully self-sustainable.

(8) Subsequent Events

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Organization has evaluated those events and transactions that occurred from January 1, 2014 through July 25, 2014, the date the financial statements were available to be issued, for possible adjustment to or disclosure in the consolidated financial statements. No material events or transactions occurred during this period which would render these financial statements misleading.