

***HELP THE HELPLESS***

***FINANCIAL STATEMENTS***

***December 31, 2014 and 2013***

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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, 2014 and 2013, 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, 2014 and 2013, 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." in a cursive script.

Minneapolis, Minnesota  
August 3, 2015

HELP THE HELPLESS

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,575,557	\$ 1,064,534
Pledges receivable, less allowance for doubtful accounts of \$5,000 for both years	1,339	2,980
Investments	21,509	19,785
Prepaid expenses	212	205
Property and equipment, net of accumulated depreciation	<u>975</u>	<u>1,705</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,599,592</u>	<u>\$ 1,089,209</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>ACCOUNTS PAYABLE</b>	\$ 32	\$ 2,125
<b>NET ASSETS</b>		
Unrestricted	1,597,213	1,084,104
Temporarily restricted	<u>2,347</u>	<u>2,980</u>
<b>TOTAL NET ASSETS</b>	<u>1,599,560</u>	<u>1,087,084</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,599,592</u>	<u>\$ 1,089,209</u>

SEE NOTES TO FINANCIAL STATEMENTS

**HELP THE HELPLESS**

**STATEMENTS OF ACTIVITIES**

**For the Years Ended December 31, 2014 and 2013**

	<u>2014</u>			<u>2013</u>		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>						
Contributions	\$ 769,097	\$ 17,158	\$ 786,255	\$ 780,516	\$ 12,597	\$ 793,113
Investment income	3,082	-	3,082	2,859	-	2,859
Net assets released from restrictions	17,791	(17,791)	-	17,916	(17,916)	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	789,970	(633)	789,337	801,291	(5,319)	795,972
<b>EXPENSES</b>						
Program services	208,560	-	208,560	200,960	-	200,960
Supporting services						
Management and general	53,552	-	53,552	42,523	-	42,523
Fund raising	14,749	-	14,749	14,443	-	14,443
<b>TOTAL EXPENSES</b>	276,861	-	276,861	257,926	-	257,926
<b>CHANGE IN NET ASSETS</b>	513,109	(633)	512,476	543,365	(5,319)	538,046
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,084,104	2,980	1,087,084	540,739	8,299	549,038
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,597,213</u>	<u>\$ 2,347</u>	<u>\$ 1,599,560</u>	<u>\$ 1,084,104</u>	<u>\$ 2,980</u>	<u>\$ 1,087,084</u>

**SEE NOTES TO FINANCIAL STATEMENTS**

**HELP THE HELPLESS**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Years Ended December 31, 2014 and 2013**

	2014				2013			
	<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	\$ -	\$ 6,322	\$ -	\$ 6,322	\$ -	\$ 5,980	\$ -	\$ 5,980
Contributions and aid expense	204,685	-	-	204,685	201,541	-	-	201,541
Contract labor	-	16,071	-	16,071	-	16,707	-	16,707
Depreciation	-	730	-	730	-	782	-	782
Miscellaneous	-	3,290	-	3,290	-	3,126	-	3,126
Postage and delivery	-	161	4,859	5,020	-	604	6,193	6,797
Printing and publications	-	-	9,890	9,890	-	-	8,250	8,250
Professional fees	-	23,664	-	23,664	-	11,140	-	11,140
Pledges written off (net of change in allowance)	3,875	-	-	3,875	(581)	-	-	(581)
Supplies	-	1,629	-	1,629	-	2,338	-	2,338
Utilities	-	1,685	-	1,685	-	1,846	-	1,846
	<u>\$ 208,560</u>	<u>\$ 53,552</u>	<u>\$ 14,749</u>	<u>\$ 276,861</u>	<u>\$ 200,960</u>	<u>\$ 42,523</u>	<u>\$ 14,443</u>	<u>\$ 257,926</u>

**SEE NOTES TO FINANCIAL STATEMENTS**

**HELP THE HELPLESS**

**STATEMENTS OF CASH FLOWS**

**December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 512,476	\$ 538,046
Items not affecting cash		
Depreciation	730	782
Net increase in fair market value of investments	(1,050)	(1,340)
Decrease in allowance for doubtful accounts	-	(5,000)
Change in assets and liabilities		
Pledges receivable	1,641	10,319
Prepaid expenses	(7)	(5)
Accounts payable	(2,093)	(456)
Cash provided by operating activities	<u>511,697</u>	<u>542,346</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(674)	(540)
Purchases of property and equipment	-	(715)
Cash used for investing activities	<u>(674)</u>	<u>(1,255)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	511,023	541,091
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,064,534</u>	<u>523,443</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,575,557</u>	<u>\$ 1,064,534</u>

**SEE NOTES TO FINANCIAL STATEMENTS**

## HELP THE HELPLESS

### NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

#### **(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 hours of service for both the years ended December 31, 2014 and 2013.

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 accelerated methods over an 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.



# HELP THE HELPLESS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

### (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>2014</u>	<u>2013</u>
Stocks	\$ 11,146	\$ 9,817
Mutual funds	<u>10,363</u>	<u>9,968</u>
	<u>\$ 21,509</u>	<u>\$ 19,785</u>

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

	<u>2014</u>	<u>2013</u>
Dividend and interest income	\$ 2,032	\$ 1,518
Fair market value appreciation (depreciation)	<u>1,050</u>	<u>1,341</u>
	<u>\$ 3,082</u>	<u>\$ 2,859</u>

### (4) Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Computer equipment	\$ 6,228	\$ 6,228
Accumulated depreciation	<u>(5,253)</u>	<u>(4,523)</u>
	<u>\$ 975</u>	<u>\$ 1,705</u>

# HELP THE HELPLESS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

### (5) Temporarily Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Pledges designated for the years 2014 and 2013	\$ 2,347	\$ 2,980

### (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 techniques.

The fair value of all investments, referred to in Note 3, were level 1 under the fair value hierarchy as of December 31, 2014 and 2013.

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

The Organization contributed aid totaling \$204,685 and \$201,541 for the years ended December 31, 2014 and 2013 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 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, 2015 through August 3, 2015, 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.