

HELP THE HELPLESS

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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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, 2020 and 2019, and the related statements of activities, functional expenses 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.

Emphasis of Matter

In 2020, domestic and international economies face uncertainty related to the impact of the COVID-19 disease. The Organization may be adversely affected due to local and statewide government mandated shutdowns and other possible disruptions. Management is currently evaluating the impact it will have on future operations.

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, 2020 and 2019, 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.

Simna Hottel & Orenstein, P.C.

Minneapolis, Minnesota
November 1, 2021

HELP THE HELPLESS

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 1,750,503	\$ 1,692,492
Pledges receivable, less allowance for doubtful accounts of \$5,000 for both years	15,099	7,171
Interest receivable	3,744	5,650
Investments	134,043	75,643
Prepaid expenses	220	246
Property and equipment, net of accumulated depreciation	<u>896</u>	<u>1,364</u>
TOTAL ASSETS	<u>\$ 1,904,505</u>	<u>\$ 1,782,566</u>
<u>LIABILITIES AND NET ASSETS</u>		
ACCOUNTS PAYABLE	\$ 2,366	\$ 3,622
NET ASSETS		
Without donor restrictions	1,748,226	1,766,773
With donor restrictions	<u>153,913</u>	<u>12,171</u>
TOTAL NET ASSETS	<u>1,902,139</u>	<u>1,778,944</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,904,505</u>	<u>\$ 1,782,566</u>

SEE NOTES TO FINANCIAL STATEMENTS

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STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2020 and 2019

	2020			2019		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS AND OTHER SUPPORT						
Contributions	\$ 531,441	\$ 434,126	\$ 965,567	\$ 301,054	\$ 559,372	\$ 860,426
Investment income	71,013	-	71,013	20,461	-	20,461
Loss on disposal of property and equipment	-	-	-	(63)	-	(63)
Net assets released from restrictions	292,384	(292,384)	-	561,392	(561,392)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	894,838	141,742	1,036,580	882,844	(2,020)	880,824
EXPENSES						
Program services	825,756	-	825,756	759,473	-	759,473
Supporting services						
Management and general	71,817	-	71,817	108,050	-	108,050
Fund raising	15,812	-	15,812	20,284	-	20,284
TOTAL EXPENSES	913,385	-	913,385	887,807	-	887,807
CHANGE IN NET ASSETS	(18,547)	141,742	123,195	(4,963)	(2,020)	(6,983)
NET ASSETS, BEGINNING OF YEAR	1,766,773	12,171	1,778,944	1,771,736	14,191	1,785,927
NET ASSETS, END OF YEAR	\$ 1,748,226	\$ 153,913	\$ 1,902,139	\$ 1,766,773	\$ 12,171	\$ 1,778,944

SEE NOTES TO FINANCIAL STATEMENTS

HELP THE HELPLESS

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management and General	Fund Raising			Management and General	Fund Raising	
Bank fees	\$ -	\$ 9,215	\$ -	\$ 9,215	\$ -	\$ 6,017	\$ -	\$ 6,017
Contributions and aid expense	824,339	-	-	824,339	758,473	-	-	758,473
Contract labor	-	33,592	-	33,592	-	39,156	-	39,156
Depreciation	-	629	-	629	-	958	-	958
Miscellaneous	-	11,331	-	11,331	-	33,977	-	33,977
Postage and delivery	-	246	5,511	5,757	-	380	5,811	6,191
Printing and publications	-	-	10,301	10,301	-	-	14,473	14,473
Professional fees	-	11,720	-	11,720	-	20,140	-	20,140
Pledges written off (net of change in allowance)	1,417	-	-	1,417	1,000	-	-	1,000
Supplies	-	2,033	-	2,033	-	4,556	-	4,556
Utilities	-	3,051	-	3,051	-	2,866	-	2,866
	<u>\$ 825,756</u>	<u>\$ 71,817</u>	<u>\$ 15,812</u>	<u>\$ 913,385</u>	<u>\$ 759,473</u>	<u>\$ 108,050</u>	<u>\$ 20,284</u>	<u>\$ 887,807</u>

SEE NOTES TO FINANCIAL STATEMENTS

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STATEMENTS OF CASH FLOWS

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 123,195	\$ (6,983)
Items not affecting cash		
Depreciation	629	958
Net increase in fair market value of investments	(53,975)	(10,411)
Fair market value of donated securities	(3,669)	(47,112)
Loss on disposal of property and equipment	-	63
Change in assets and liabilities		
Pledges receivable	(7,928)	(130)
Interest receivable	1,906	(5,650)
Prepaid expenses	26	(17)
Accounts payable	(1,256)	(664)
Cash provided by (used in) operating activities	<u>58,928</u>	<u>(69,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(756)	(951)
Purchases of property and equipment	(161)	-
Cash used in investing activities	<u>(917)</u>	<u>(951)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	58,011	(70,897)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,692,492</u>	<u>1,763,389</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,750,503</u>	<u>\$ 1,692,492</u>

SEE NOTES TO FINANCIAL STATEMENTS

HELP THE HELPLESS

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

(1) Nature of Organization

Help the Helpless (the Organization) is a Minnesota non-profit organization formed for the purpose of aiding St. Mary's School (St. Mary's) and Missionary Groups of the Home of the Mother (MGHM). The Organization solicits contributions from the general public to support the needs of St. Mary's and MGHM.

St Mary's is a Catholic educational and orphanage facility located in India for the handicapped, deaf and poor. 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.

MGHM is a Catholic missionary group of Sisters and Priests that channels financial and humanitarian aid for the needy people in Latin America, Asia and the Pacific. The focus of MGHM is at 3 locations within Ecuador. MGHM operates schools, feeds the poor and supports poor families and elderly with spiritual and temporal needs. The Missionary Sisters provide food, clothing, education and medical help to those in most need.

(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. At December 31, 2020 the Organization's domestic uninsured cash and cash equivalents balances totaled \$1,391,753. Certificates of deposit totaling \$817,102 and \$800,000 at December 31, 2020 and 2019 are included in cash and cash equivalents in the accompanying financial statements. The certificates bear interest ranging from 0.10% to 2.25% and have maturities ranging from twelve to twenty five months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

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 net assets with restrictions 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, net assets with restrictions are reclassified to net assets without restrictions 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 net assets without restrictions.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

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, 2020 and 2019.

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.

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).

Classification of Net Assets – Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage or time restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage or time limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Project. Certain restrictions may need to be maintained in perpetuity.

Income from investment gains and losses, including unrealized gains and losses, dividends and interest, should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Adoption of Accounting Pronouncements – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in US GAAP. The ASU also required expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the standard on January 1, 2019, the first day of the Organization's fiscal year, using the modified retrospective approach.

The adoption of this ASU did not have a significant impact on the Organization's financial statements. The majority of the Organization's program revenue contain a single performance obligation and revenue is recognized at a single point in time when ownership, risks and rewards transfer. Based on the Organization's evaluation process and review of its contracts with customers, the timing of revenue recognition was not affected by the new standard. No changes were required to previously reported revenues as a result of the adoption.

The Organization derives its program revenues primarily from contributions from members of the public. Revenues are recognized at the point in time that the Organization receives a contribution from a donor, which is when they have assumed the risks and rewards of ownership.

On August 18, 2016, FASB issued Accounting Standards Update (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 implemented ASU 2016-14, effective January 1, 2019, and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which did not have a material effect on the financial statements.

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether a contribution is conditional. The ASU is effective for annual periods beginning after December 15, 2018 for resource recipients, and after December 15, 2019 for resource providers, with early adoption permissible.

As a resource recipient, the Organization adopted a portion of this guidance effective January 1, 2019, with no impact to its financial statements. As a resource provider, the Organization adopted the remaining guidance effective January 1, 2020 with no impact to its financial statements.

Date of Management's Review - Management has evaluated subsequent events through November 1, 2021, the date which the financial statements were available to be issued.

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.

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December 31, 2020 and 2019

(3) COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) was identified. The spread of COVID-19 around the world in 2020 has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as the impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

(4) Investments

Investments consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Stocks	\$ 122,388	\$ 66,572
Mutual funds	<u>11,655</u>	<u>9,071</u>
	<u>\$ 134,043</u>	<u>\$ 75,643</u>

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

	<u>2020</u>	<u>2019</u>
Dividend and interest income	\$ 17,038	\$ 10,050
Fair market value appreciation	<u>53,975</u>	<u>10,411</u>
	<u>\$ 71,013</u>	<u>\$ 20,461</u>

(5) Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 7,413	\$ 7,252
Accumulated depreciation	<u>(6,517)</u>	<u>(5,888)</u>
	<u>\$ 896</u>	<u>\$ 1,364</u>
Depreciation expense	<u>\$ 629</u>	<u>\$ 958</u>

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(6) Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31:

	2020	2019
Pledges designated for the years 2020 and 2019	\$ 20,099	\$ 12,171
Donor designated contributions restricted for:		
Aid to Father/Masses to Celebrate at St. Mary's	880	-
Aid to St. Mary's School	52,582	-
Aid to MGHM	80,352	-
	\$ 153,913	\$ 12,171

(7) 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 following tables set forth, by level within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2020 and 2019.

	Fair Value Measurements at the End of the Year Using:			
	Fair Value	Level 1	Level 2	Level 3
December 31, 2020				
Stocks and Mutual Funds	\$ 134,043	\$ 134,043	\$ -	\$ -

	Fair Value Measurements at the End of the Year Using:			
	Fair Value	Level 1	Level 2	Level 3
December 31, 2019				
Stocks and Mutual Funds	\$ 75,643	\$ 75,643	\$ -	\$ -

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

(8) Contribution and Aid Expense

The Organization contributed aid totaling \$358,468 and \$371,325 for the years ended December 31, 2020 and 2019 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.

The Organization also contributed aid totaling \$465,871 and \$387,148 for the years ended December 31, 2020 and 2019 to MGHM. These funds were used to support the construction of a multipurpose center that will be used to aid the handicapped and poor people of the impoverished country of Ecuador.