

**Help the Helpless**  
**Financial Statements**  
**December 31, 2021 and 2020**

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**Independent Auditor's Report**

Board of Directors  
Help the Helpless  
Minneapolis, Minnesota

***Opinion***

We have audited the accompanying financial statements of Help the Helpless, which comprise the statement of financial position as of December 31, 2021, 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, financial statements referred to above present fairly, in all material respects, the financial position of Help the Helpless as of December 31, 2021, 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 (GAAS). 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 Help the Helpless 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 opinion.

***Other Matter***

The financial statements of Help the Helpless for the year ended December 31, 2020 were audited by Simma Flottemesch & Orenstein, Ltd., who merged with BerganKDV, Ltd. as of June 1, 2022, and who expressed an unmodified opinion on those statements on November 1, 2021.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 Help the Helpless's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's 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 GAAS 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 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 GAAS, 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 Help the Helpless'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 Help the Helpless'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.

*Bergan KDV, LTD.*

Minneapolis, MN  
November 11, 2022

**HELP THE HELPLESS**

**STATEMENTS OF FINANCIAL POSITION**

**As of December 31, 2021 and 2020**

	<b><u>2021</u></b>	<b><u>2020</u></b>
<b><u>ASSETS</u></b>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,510,439	\$ 1,750,503
Pledges receivable, less allowance for doubtful accounts of \$5,000 for both years	15,425	15,099
Interest receivable	-	3,744
Investments	1,125,707	134,043
Prepaid expenses	321	220
Property and equipment, net	<u>2,294</u>	<u>896</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,654,186</u></b>	<b><u>\$ 1,904,505</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>ACCOUNTS PAYABLE</b>	\$ 2,925	\$ 2,366
<b>NET ASSETS</b>		
Without donor restrictions	2,587,843	1,748,226
With donor restrictions	<u>63,418</u>	<u>153,913</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,651,261</u></b>	<b><u>1,902,139</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,654,186</u></b>	<b><u>\$ 1,904,505</u></b>

**SEE NOTES TO FINANCIAL STATEMENTS**

# HELP THE HELPLESS

## STATEMENTS OF ACTIVITIES

Years Ended December 31, 2021 and 2020

	2021			2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES, GAINS AND OTHER SUPPORT</b>						
Contributions	\$ 1,102,444	\$ 643,132	\$ 1,745,576	\$ 531,441	\$ 434,126	\$ 965,567
Investment return, net	143,168	-	143,168	71,013	-	71,013
Net assets released from restrictions	<u>733,627</u>	<u>(733,627)</u>	<u>-</u>	<u>292,384</u>	<u>(292,384)</u>	<u>-</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	1,979,239	(90,495)	1,888,744	894,838	141,742	1,036,580
<b>EXPENSES</b>						
Program services	1,049,375	-	1,049,375	825,756	-	825,756
Supporting services						
Management and general	74,973	-	74,973	71,817	-	71,817
Fund raising	<u>15,274</u>	<u>-</u>	<u>15,274</u>	<u>15,812</u>	<u>-</u>	<u>15,812</u>
<b>TOTAL EXPENSES</b>	<u>1,139,622</u>	<u>-</u>	<u>1,139,622</u>	<u>913,385</u>	<u>-</u>	<u>913,385</u>
<b>CHANGE IN NET ASSETS</b>	839,617	(90,495)	749,122	(18,547)	141,742	123,195
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,748,226</u>	<u>153,913</u>	<u>1,902,139</u>	<u>1,766,773</u>	<u>12,171</u>	<u>1,778,944</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,587,843</u>	<u>\$ 63,418</u>	<u>\$ 2,651,261</u>	<u>\$ 1,748,226</u>	<u>\$ 153,913</u>	<u>\$ 1,902,139</u>

SEE NOTES TO FINANCIAL STATEMENTS

# HELP THE HELPLESS

## STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2021 and 2020

	2021				2020			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management and General	Fund Raising			Management and General	Fund Raising	
Bank fees	\$ -	\$ 14,445	\$ -	\$ 14,445	\$ -	\$ 9,215	\$ -	\$ 9,215
Contributions and aid expense	1,047,610	-	-	1,047,610	824,339	-	-	824,339
Contract labor	-	30,876	-	30,876	-	33,592	-	33,592
Depreciation	-	858	-	858	-	629	-	629
Miscellaneous	-	10,309	-	10,309	-	11,331	-	11,331
Postage and delivery	-	-	6,439	6,439	-	246	5,511	5,757
Printing and publications	-	-	8,835	8,835	-	-	10,301	10,301
Professional fees	-	12,750	-	12,750	-	11,720	-	11,720
Pledges written off (net of change in allowance)	1,765	-	-	1,765	1,417	-	-	1,417
Supplies	-	2,593	-	2,593	-	2,033	-	2,033
Utilities	-	3,142	-	3,142	-	3,051	-	3,051
	<u>\$ 1,049,375</u>	<u>\$ 74,973</u>	<u>\$ 15,274</u>	<u>\$ 1,139,622</u>	<u>\$ 825,756</u>	<u>\$ 71,817</u>	<u>\$ 15,812</u>	<u>\$ 913,385</u>

SEE NOTES TO FINANCIAL STATEMENTS

# HELP THE HELPLESS

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 749,122	\$ 123,195
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	858	629
Unrealized and realized gain on investments	(91,840)	(53,975)
Donated securities	(139,186)	(3,669)
Change in operating assets and liabilities		
Pledges receivable	(326)	(7,928)
Interest receivable	3,744	1,906
Prepaid expenses	(101)	26
Accounts payable	559	(1,256)
Cash provided by operating activities	<u>522,830</u>	<u>58,928</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of investments	1,853,772	-
Purchases of investments	(2,614,410)	(756)
Purchases of property and equipment	(2,256)	(161)
Cash used in investing activities	<u>(762,894)</u>	<u>(917)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(240,064)	58,011
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,750,503</u>	<u>1,692,492</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,510,439</u>	<u>\$ 1,750,503</u>

SEE NOTES TO FINANCIAL STATEMENTS



## **HELP THE HELPLESS**

### **NOTES TO FINANCIAL STATEMENTS**

**As of December 31, 2021 and 2020**

#### **(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**

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. As of December 31, 2021 the Organization's domestic uninsured cash and cash equivalents balances totaled \$956,768. Certificates of deposit totaling \$-0- and \$817,102 at December 31, 2021 and 2020 are included in cash and cash equivalents in the accompanying financial statements.

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

The Organization invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

Pledges Receivable – Promises to give are recognized as revenues in the period received. Receivables that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. The discount on these amounts is computed using a risk-free interest rate applicable to the year in which the contribution is made. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

## HELP THE HELPLESS

### NOTES TO FINANCIAL STATEMENTS

As of December 31, 2021 and 2020

#### **(2) Summary of Significant Accounting Policies, Continued**

Revenue Recognition – 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. 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.

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, 2021 and 2020.

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. The statement of functional expense presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses related directly to a program are categorized by that program's mission-based function. Operation expenses that are not specific to the program or management and general are allocated based on estimates of time and effort.

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).

## HELP THE HELPLESS

### NOTES TO FINANCIAL STATEMENTS

As of December 31, 2021 and 2020

#### **(2) Summary of Significant Accounting Policies, Continued**

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.

Recently Issued Accounting Pronouncements – 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.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. In addition to enhanced disclosures for contributed nonfinancial assets, this ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

Date of Management's Review - Management has evaluated subsequent events through November 11, 2022, the date which the financial statements were available to be issued.

## HELP THE HELPLESS

### NOTES TO FINANCIAL STATEMENTS

As of December 31, 2021 and 2020

#### **(2) Summary of Significant Accounting Policies, Continued**

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) Liquidity and Availability**

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,510,439	\$ 1,750,503
Interest receivable	-	3,744
Investments	<u>1,125,707</u>	<u>134,043</u>
	<u>\$ 2,636,146</u>	<u>\$ 1,888,290</u>

The Organization does not have a formal policy however it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

#### **(4) Property and Equipment**

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 8,157	\$ 7,413
Accumulated depreciation	<u>(5,863)</u>	<u>(6,517)</u>
	<u>\$ 2,294</u>	<u>\$ 896</u>

#### **(5) Net Assets With Donor Restrictions**

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

	<u>2021</u>	<u>2020</u>
Pledges designated for the years 2021 and 2020	\$ 20,425	\$ 20,099
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	<u>42,993</u>	<u>80,352</u>
	<u>\$ 63,418</u>	<u>\$ 153,913</u>

## HELP THE HELPLESS

### NOTES TO FINANCIAL STATEMENTS

As of December 31, 2021 and 2020

#### **(6) Investments and 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, 2021 and 2020.

	Fair Value Measurements at the End of the Year Using:		
	Level 1	Level 2	Level 3
<b>December 31, 2021</b>			
Stocks and Mutual Funds	\$ 1,025,707	\$ -	\$ -
Fixed Index Annuity	-	100,000	-
Total investments at fair value	<u>\$ 1,025,707</u>	<u>\$ 100,000</u>	<u>\$ -</u>

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

Stocks and mutual funds are valued at the net asset value, based on quoted market prices in active markets, of shares held by the Organization at year-end. Fixed index annuities are valued based on the fair value of the underlying assets owned by the annuity and generally based on observable inputs.

#### **(7) Contribution and Aid Expense**

The Organization contributed aid totaling \$315,670 and \$358,468 for the years ended December 31, 2021 and 2020 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 \$732,240 and \$465,871 for the years ended December 31, 2021 and 2020 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.