

HELPAGE USA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
HelpAge USA, Inc.

We have audited the accompanying financial statements of HelpAge USA, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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 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 audits 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 auditors consider 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 HelpAge USA, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HAN GROUP LLC

HAN GROUP LLC
McLean, Virginia
July 5, 2016

HELPAGE USA, INC.
 Statements of Financial Position
 December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 258,447	\$ 374,766
Grants and contributions receivable	254,122	71,282
Deposits	<u>743</u>	<u>-</u>
Total assets	<u>\$ 513,312</u>	<u>\$ 446,048</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 22,872	\$ 50,956
Grants payable	<u>299,180</u>	<u>180,000</u>
Total liabilities	<u>322,052</u>	<u>230,956</u>
Net Assets		
Unrestricted	132,033	71,961
Temporarily restricted	<u>59,227</u>	<u>143,131</u>
Total net assets	<u>191,260</u>	<u>215,092</u>
Total liabilities and net assets	<u>\$ 513,312</u>	<u>\$ 446,048</u>

See accompanying notes.

HELPAGE USA, INC.
Statement of Activities
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 472,273	\$ 893,297	\$ 1,365,570
In-kind contributions	25,447	-	25,447
Other income	1,908	-	1,908
Net assets released from restrictions:			
Satisfaction of purpose restrictions	977,201	(977,201)	-
Total revenue and support	<u>1,476,829</u>	<u>(83,904)</u>	<u>1,392,925</u>
Expenses			
Program services	1,198,391	-	1,198,391
Supporting services:			
Management and general	135,947	-	135,947
Fundraising	82,419	-	82,419
Total supporting services	<u>218,366</u>	<u>-</u>	<u>218,366</u>
Total expenses	<u>1,416,757</u>	<u>-</u>	<u>1,416,757</u>
Changes in Net Assets	60,072	(83,904)	(23,832)
Net Assets, beginning of year	<u>71,961</u>	<u>143,131</u>	<u>215,092</u>
Net Assets, end of year	<u>\$ 132,033</u>	<u>\$ 59,227</u>	<u>\$ 191,260</u>

See accompanying notes.

HELPAGE USA, INC.
Statement of Activities
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 316,398	\$ 1,027,434	\$ 1,343,832
In-kind contributions	23,176	-	23,176
Other income	2,500	-	2,500
Net assets released from restrictions:			
Satisfaction of purpose restrictions	1,049,978	(1,049,978)	-
Expiration of time restrictions	126,000	(126,000)	-
Total revenue and support	<u>1,518,052</u>	<u>(148,544)</u>	<u>1,369,508</u>
Expenses			
Program services	1,182,631	-	1,182,631
Supporting services:			
Management and general	82,584	-	82,584
Fundraising	174,461	-	174,461
Total supporting services	<u>257,045</u>	<u>-</u>	<u>257,045</u>
Total expenses	<u>1,439,676</u>	<u>-</u>	<u>1,439,676</u>
Changes in Net Assets	78,376	(148,544)	(70,168)
Net Assets, beginning of year	<u>(6,415)</u>	<u>291,675</u>	<u>285,260</u>
Net Assets, end of year	<u>\$ 71,961</u>	<u>\$ 143,131</u>	<u>\$ 215,092</u>

See accompanying notes.

HELPAGE USA, INC.
 Statements of Cash Flows
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (23,832)	\$ (70,168)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Increase in grants and contributions receivable	(182,840)	(23,076)
Increase in deposits	(743)	-
Decrease in accounts payable	(28,084)	(562,791)
Decrease in accrued salaries	-	(4,485)
Increase in grants payable	119,180	180,000
	<u>(116,319)</u>	<u>(480,520)</u>
Net cash used in operating activities	<u>(116,319)</u>	<u>(480,520)</u>
Net Decrease in Cash	(116,319)	(480,520)
Cash, beginning of year	<u>374,766</u>	<u>855,286</u>
Cash, end of year	<u>\$ 258,447</u>	<u>\$ 374,766</u>

See accompanying notes.

1. Nature of Operations

HelpAge USA, Inc. (the Organization) was founded in 1996 to help older people claim their rights, challenge discrimination and overcome poverty by advocating for policy change and through implementing practical projects, so that they can lead dignified, secure, active and healthy lives. The Organization funds its program and supporting services primarily through grants and contributions from corporates, foundations and individuals.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from the Organization's various grantors and contributors. The balances of grants and contributions receivable at December 31, 2015 and 2014 have been deemed by management to be fully collectible within one year. If an amount becomes uncollectible, it is expensed when that determination is made.

Grants Payable

The Organization makes grants to other organizations who carry out activities for the Organization's programs. Amount for which the Organization is obligated is recorded upon the grant's approval. The balance of grants payable at December 31, 2015 and 2014 were payable within one year.

Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or the passage of time.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Unconditional grants and contributions are recognized as revenue when received or promised and are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Revenue from all other sources is recognized when earned.

Donated Services and Facilities

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received \$4,678 and \$5,986 of donated accounting services during the years ended December 31, 2015 and 2014, respectively. In addition, there was \$ 20,769 and \$17,190 of donated facilities during each of the years ended December 31, 2015 and 2014, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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 certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Concentrations

The Organization maintains a significant amount of its cash in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses on its cash, and management believes that the risk of any loss is minimal.

HELPAGE USA, INC.

Notes to Financial Statements

December 31, 2015 and 2014

3. Concentrations (continued)

Grants and contributions from four organizations and two organizations accounted for approximately 90% and 91% of the Organization's revenue and support for the years ended December 31, 2015 and 2014, respectively. In addition, 90% and 64% of the grants and contributions receivables were due from two organizations and one of these organizations at December 31, 2015 and 2014, respectively.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets comprise the following at December 31:

	<u>2015</u>	<u>2014</u>
Measuring Healthy Aging	\$ 43,650	\$ -
Latin America	10,342	51,264
Bolivia	3,383	3,383
India	965	921
Nepal	887	-
Phillippines	-	78,563
Japan	-	9,000
	<u> </u>	<u> </u>
Total temporarily restricted net assets	<u>\$ 59,227</u>	<u>\$ 143,131</u>

5. Related Party Transactions

The Organization entered into grant arrangements with HelpAge International, a London based organization. A board member and an officer with HelpAge International are also board members with the Organization. The Organization granted \$822,382 and \$769,232 to HelpAge International and received \$423,091 and \$252,633 in grants from HelpAge International during the years ended December 31, 2015 and 2014, respectively.

The Organization received contributions from board members and from organizations related to the board members. The total of such contributions was \$28,200 and \$27,950 for the years ended December 31, 2015 and 2014, respectively, which is included in grants and contributions in the accompanying statements of activities.

6. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the years ended December 31, 2015 and 2014, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2015 and 2014, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. At December 31, 2015, the statute of limitations for tax years ended December 31, 2012 through 2014 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

7. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 5, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.