HELPAGE USA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2019
(With Summarized Comparative Information for the Year Ended December1 31, 2018)

CHAN GROUP
Certified Public Accountants and Consultants

Table of Contents

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 of the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 on 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, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization has adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
November 9, 2020

HELPAGE USA, INC.
Statement of Financial Position
December 31, 2019
(With Summarized Comparative Information for 2018)

	2019	2018
Assets		
Cash	$ 125,481	$ 105,717
Accounts receivable	8,190	-
Contributions receivable	5,968	8,172
Prepaid expenses and other assets	8,314	16,097
Total assets	$ 147,953	$ 129,986
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 1,331	$ 3,895
Accrued vacation	2,923	3,003
Pass-through contributions payable	7,500	-
Refundable advance	8,586	13,566
Deferred revenue	56,250	56,250
Total liabilities	76,590	76,714
Net Assets		
Without donor restrictions	54,954	42,182
With donor restrictions	16,409	11,090
Total net assets	71,363	53,272
Total liabilities and net assets	$ 147,953	$ 129,986

See accompanying notes.

HELPAGE USA, INC.
Statement of Activities
Year Ended December 31, 2019
(With Summarized Comparative Information for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Contributions	$ 224,627	$ 143,405	$ 368,032	$ 386,943
Contract income	233,190	-	233,190	234,000
In-kind contributions	-	-	-	10,350
Other income	-	-	-	3,001
Net assets released from restrictions:				
Satisfaction of purpose restrictions	138,086	(138,086)	-	-
Total revenue and support	595,903	5,319	601,222	634,294
Expenses				
Program services:				
General programs	187,544	-	187,544	467,144
Policy and Education	96,028	-	96,028	149,139
HAI support	59,704	-	59,704	67,885
Total program services	343,276	-	343,276	684,168
Supporting services:				
Management and general	167,669	-	167,669	225,770
Fundraising	72,186	-	72,186	98,704
Total supporting services	239,855	-	239,855	324,474
Total expenses	583,131	-	583,131	1,008,642
Change in Net Assets	12,772	5,319	18,091	(374,348)
Net Assets, beginning of year	42,182	11,090	53,272	427,620
Net Assets, end of year	$ 54,954	$ 16,409	$ 71,363	$ 53,272

See accompanying notes.

HELPAGE USA, INC.
Statement of Functional Expenses
Year Ended December 31, 2019
(With Summarized Comparative Information for 2018)

	2019								2018
	Program Services				Supporting Services				
	General Programs	Policy and Education	HAI Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Total
Salaries and related expenses	$ 13,993	$ 80,459	$ 50,351	$ 144,803	$ 112,197	$ 60,488	$ 172,685	$ 317,488	$ 396,694
Grants and awards	168,490	-	500	168,990	-	-	-	168,990	389,499
Professional fees	400	1,000	-	1,400	33,036	3,258	36,294	37,694	141,286
Occupancy	871	6,235	3,893	10,999	15,583	5,073	20,656	31,655	33,941
Office expenses	102	4,038	43	4,183	6,800	3,367	10,167	14,350	16,295
Travel and meetings	3,688	4,296	4,917	12,901	-	-	-	12,901	29,714
Other expenses	-	-	-	-	53	-	53	53	1,213
Total Expenses	$ 187,544	$ 96,028	$ 59,704	$ 343,276	$ 167,669	$ 72,186	$ 239,855	$ 583,131	$ 1,008,642

See accompanying notes.

HELPAGE USA, INC.
Statement of Cash Flows
Year Ended December 31, 2019
(With Summarized Comparative Information for 2018)

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ 18,091	$ (374,348)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Accounts receivables	(8,190)	2,542
Contributions receivables	2,204	57,390
Prepaid expenses and other assets	7,783	(13,597)
Accounts payable and accrued expenses	(2,564)	(23,345)
Accrued vacation	(80)	(1,584)
Pass-through contributions payable	7,500	-
Refundable advance	(4,980)	13,566
Deferred revenue	-	56,250
Net cash provided by (used in) operating activities	19,764	(283,126)
Net Increase (Decrease) in Cash	19,764	(283,126)
Cash, beginning of year	105,717	388,843
Cash, end of year	$ 125,481	$ 105,717

See accompanying notes.

1. Nature of Operations

HelpAge USA, Inc. (the Organization) works with their global network of affiliates and partners in over 65 countries to implement programs and policies that directly improve the lives of older people in the world's poorest communities. The Organization's vision is of a world in which all older people fulfill their potential to lead dignified, active, healthy and secure lives. The Organization funds its program and supporting services primarily through contributions and contracts from corporations, foundations and individuals.

2. Summary of Significant Accounting Policies

Basis of Accounting

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.

Accounts Receivable

Accounts receivable represents amounts due from the Organization's contract revenue sources. There was no allowance recorded at December 31, 2019 as the entire balance has been deemed by management to be fully collectible within one year. If an amount becomes uncollectible, it is expensed when that determination is made.

Contributions Receivable

Contributions receivable represent amounts due from the Organization's various contributors. The balances of contributions receivable at December 31, 2019 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.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.

- *Net Assets With Donor Restrictions* represent funds subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have any donor-imposed restrictions which are perpetual in nature at December 31, 2019.

2. Summary of Significant Accounting Policies (continued)

Pass-Through Contributions Payable

The Organization accepts contributions on behalf of others and subsequently transfers the contributions to various designated recipients. Based on the nature of these pass-through contributions, the amounts are to be excluded from the Organization's revenue and expenses in accordance with GAAP as the Organization is not considered the primary beneficiary and does not have explicit variance power over the contributions. At December 31, 2019, the entire pass-through contributions payable balance was payable within one year.

Revenue Recognition

Contributions and Grants

Unconditional contributions are recognized as revenue when received or promised and are reported as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the accompanying statement of activities as net assets released from restrictions.

Contributions that are considered to be conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue once the conditions on which they depend have been met. Amounts recognized in revenue that have not been received are included in contributions receivable on the accompanying statement of financial position. Conversely, amounts received in advance of the conditions being met are recorded as refundable advances on the accompanying statement of financial position.

Contributions under cost reimbursable federal government grants is recognized based upon direct costs incurred plus allowable indirect costs which is considered to be contributions. Revenue recognized but not received from the granting agency or the passthrough agency is included in contributions receivable on the accompanying statement of financial position. Conversely, the amount received in advance of incurring allowable direct and indirect costs is reported as a refundable advance on the accompanying statement of financial position.

The Organization had $5,968 in contributions receivable at December 31, 2019. In addition, the Organization had approximately $28,000 in unrecognized conditional awards at December 31, 2019, of which $8,586 was in refundable advance.

Contract Income

Contract income is recognized once the service is rendered. Revenue received in advance for contracts are included in deferred revenue on the accompanying statement of financial position. The Organization had $56,250 deferred revenue related to contract income at December 31, 2019.

2. Summary of Significant Accounting Policies (continued)

Donated Services

Donated services are recognized as contributions at their fair value in the period received 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 did not receive any donated services during the year ended December 31, 2019.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on either financial or nonfinancial data, such as distribution of labor or estimates of time and effort incurred by personnel. Expenses allocated include salaries and related expenses and occupancy.

Change in Accounting Principles

Effective January 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires that an entity evaluate whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. The Organization adopted ASU 2018-08 using a modified prospective approach. The implementation of ASU 2018-08 did not have a material effect on the Organization's financial positions, results of operations, or cash flows. There was no cumulative effect of a change in accounting principle recorded related to the adoption of ASU 2018-08 on January 1, 2019. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

Effective January 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. The core principle of ASU 2014-09 requires the recognition of revenue for exchange and partial exchange transactions when, or as goods or services are delivered, in the amount that reflects the consideration to which the Organization is entitled in exchange for what has been delivered. The ASU requires that the Organization use the following five step process: 1) Identify exchange agreements or partial exchange agreements that create a contract; 2) Identify their performance obligations; 3) Determine the transaction price; 4) Allocate the transaction price among the performance obligations; 5) Recognize revenue at the point in time when, or over the time period during which, a performance obligation is recognized. The adoption of the ASU did not impact the change in net assets.

2. Summary of Significant Accounting Policies (continued)

Pending Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842).* The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The core principles of ASU 2020-07 address the measurement of nonfinancial contributions and increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendments in the update are to be applied on a retrospective basis. ASU 2020-07 is effective for non-public entities for fiscal years beginning after June 15, 2021.

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.

Summarized Comparative Information

The accompanying financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2018 from which the summarized information was derived.

Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 financial statement presentation.

3. Concentrations

Revenue from two sources accounted for approximately 81% of the Organization’s revenue and support for the year ended December 31, 2019.

4. Leases

In October 2017, the Organization entered into a lease for an office space commencing on October 1, 2017 and terminating on September 30, 2019. The lease called for a base monthly rent of $2,625 with a five percent annual escalation clause. This lease is cancellable with a six-month advance notice. In 2019, the Organization entered into another lease for the same office space commencing on October 1, 2019 and terminating on June 30, 2020, which was subsequently renewed to June 30, 2021. The lease called for a base monthly rent of $2,456. This lease is cancellable with a 30 days prior written notice. At December 31, 2019, future minimum lease payments required under the lease is $14,738. Rent expense under the office lease was $29,786 for the year ended December 31, 2019.

5. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets at December 31, 2019, reduced by amounts not available for general use within one year. All financial assets listed below are considered to be convertible to cash within one year:

Financial Assets:		
Cash	$	125,481
Accounts receivable		8,190
Contributions receivable		5,968
Total financial assets		139,639
Less those unavailable for general expenditures within one year due to:		
Pass-through contributions payable		(7,500)
Refundable advance		(8,586)
Deferred revenue		(56,250)
Donor-imposed restrictions on the financial assets		(16,409)
Financial assets available to meet cash needs for general expenditures within one year	$	50,894

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2019:

Subject to expenditures for specific purposes:		
Climate Change	$	8,909
Fellowship		7,500
Total net assets with donor restrictions	$	16,409

6. Net Assets With Donor Restrictions (continued)

During the year ended December 31, 2019, releases from net assets with donor restrictions were for the following:

Satisfaction of expenditures for specific purposes:		
Climate Change	$	126,996
Morogoro Healthy Aging		11,090
Total net assets released from donor restrictions	$	138,086

7. Related Party Transactions

The Organization entered into contribution and contract 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 $126,996 to HelpAge International during the year ended December 31, 2019 and received $125,000 in contributions from HelpAge International during the year ended December 31, 2019. In addition, HelpAge International contracted the Organization to provide certain professional services. The Organization recognized $225,000 for contract service income from HelpAge International during the year ended December 31, 2019.

8. 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 year ended December 31, 2019, 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. It is the Organization’s policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2019 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. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

9. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 9, 2020, 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, other than as noted in the following paragraphs.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses including cancellations of events and meetings during 2020. The Organization is still open for businesses, but all staff are strongly encouraged to work from home. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of restrictions put in place by various levels of government. At this time, the potential related financial impact and duration cannot be reasonably estimated.

In May 2020, the Organization received a Paycheck Protection Program (PPP) loan of $56,600. The PPP loan carries an interest rate of 1% and a term of 24 months, with a deferment of 6 months. All or a portion of the PPP loan has the potential to be forgiven under the provisions of the Coronavirus Aid, Relief, and Economic Security Act. The Organization also accepted a $50,000 Economic Injury Disaster Loan (EIDL) in July 2020 which carries a 30-year term and an interest rate of 2.75%. Payments on the loan are deferred for 12 months. When the deferment period ends, payments of $214 will be due monthly.