

# HELPAGE USA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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  
Washington, DC  
September 15, 2017

**HELPAGE USA, INC.**  
Statements of Financial Position  
December 31, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash	\$ 384,328	\$ 258,447
Grants and contributions receivable	241,052	254,122
Prepaid expenses	1,181	-
Deposits	<u>2,500</u>	<u>743</u>
Total assets	<u>\$ 629,061</u>	<u>\$ 513,312</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 17,230	\$ 22,872
Grants payable	<u>280,700</u>	<u>299,180</u>
Total liabilities	<u>297,930</u>	<u>322,052</u>
<b>Net Assets</b>		
Unrestricted	131,534	132,033
Temporarily restricted	<u>199,597</u>	<u>59,227</u>
Total net assets	<u>331,131</u>	<u>191,260</u>
Total liabilities and net assets	<u>\$ 629,061</u>	<u>\$ 513,312</u>

*See accompanying notes.*

**HELPAGE USA, INC.**  
Statement of Activities  
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 484,288	\$ 732,976	\$ 1,217,264
In-kind contributions	26,516	-	26,516
Net assets released from restrictions:			
Satisfaction of purpose restrictions	592,606	(592,606)	-
<b>Total revenue and support</b>	<u>1,103,410</u>	<u>140,370</u>	<u>1,243,780</u>
<b>Expenses</b>			
Program services	853,779	-	853,779
Supporting services:			
Management and general	179,365	-	179,365
Fundraising	70,765	-	70,765
<b>Total supporting services</b>	<u>250,130</u>	<u>-</u>	<u>250,130</u>
<b>Total expenses</b>	<u>1,103,909</u>	<u>-</u>	<u>1,103,909</u>
<b>Changes in Net Assets</b>	(499)	140,370	139,871
<b>Net Assets, beginning of year</b>	<u>132,033</u>	<u>59,227</u>	<u>191,260</u>
<b>Net Assets, end of year</b>	<u>\$ 131,534</u>	<u>\$ 199,597</u>	<u>\$ 331,131</u>

*See accompanying notes.*

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

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
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>
<b>Expenses</b>			
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>
<b>Changes in Net Assets</b>	60,072	(83,904)	(23,832)
<b>Net Assets, beginning of year</b>	<u>71,961</u>	<u>143,131</u>	<u>215,092</u>
<b>Net Assets, end of year</b>	<u>\$ 132,033</u>	<u>\$ 59,227</u>	<u>\$ 191,260</u>

*See accompanying notes.*

**HELPAGE USA, INC.**  
 Statements of Cash Flows  
 Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 139,871	\$ (23,832)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Grants and contributions receivable	13,070	(182,840)
Prepaid expenses	(1,181)	-
Deposits	(1,757)	(743)
Accounts payable and accrued expenses	(5,642)	(28,084)
Grants payable	<u>(18,480)</u>	<u>119,180</u>
Net cash provided by (used in) operating activities	<u>125,881</u>	<u>(116,319)</u>
<b>Net Increase (Decrease) in Cash</b>	125,881	(116,319)
Cash, beginning of year	<u>258,447</u>	<u>374,766</u>
<b>Cash, end of year</b>	<u><u>\$ 384,328</u></u>	<u><u>\$ 258,447</u></u>

*See accompanying notes.*



## HELPAGE USA, INC.

Notes to Financial Statements

December 31, 2016 and 2015

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### 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. HelpAge'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 grants and contributions from corporations, 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, 2016 and 2015 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. The amount for which the Organization is obligated is recorded upon the grant's approval. The balance of grants payable at December 31, 2016 and 2015 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 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. Donated facilities are recorded at their fair value as of the date of the donation. The Organization received \$2,900 and \$4,678 of donated accounting services during the years ended December 31, 2016 and 2015, respectively. In addition, there was \$23,616 and \$20,769 of donated facilities during the years ended December 31, 2016 and 2015, 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, 2016 and 2015

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**3. Concentrations (continued)**

Grants and contributions from three organizations accounted for approximately 88% of the Organization's revenue and support for the year ended December 31, 2016 and 83% of the grants and contributions receivables were due from one organization at December 31, 2016.

Grants and contributions from four organizations accounted for approximately 90% of the Organization's revenue and support for the year ended December 31, 2015 and 90% of the grants and contributions receivables were due from two organizations at December 2015.

**4. Temporarily Restricted Net Assets**

Temporarily restricted net assets comprise the following at December 31:

	2016	2015
Healthy Aging	\$ 181,941	\$ -
Disaster Relief	7,852	-
Citizen Engagement	4,930	-
Intergenerational	4,874	-
Measuring Healthy Aging	-	43,650
India	-	965
Nepal	-	887
Latin America	-	10,342
Bolivia	-	3,383
Total temporarily restricted net assets	<u>\$ 199,597</u>	<u>\$ 59,227</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 \$436,655 and \$822,382 to HelpAge International during the years ended December 31, 2016 and 2015, respectively, and received \$428,019 and \$423,091 in grants from HelpAge International during the years ended December 31, 2016 and 2015, respectively.

The Organization received contributions from board members and from organizations related to the board members. The total of such contributions was \$19,850 and \$28,200 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015, 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, 2016, the statute of limitations for tax years ended December 31, 2013 through 2015 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 September 15, 2017, 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.