

HELPAGE USA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2020

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

HELPAGE USA, INC.

Table of Contents

December 31, 2020

Table of Contents

Independent Auditors' Report.....	1 – 2
<i>Financial Statements</i>	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7 – 12

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 statement of financial position as of December 31, 2020, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 10, 2021

HELPAGE USA, INC.
Statement of Financial Position
December 31, 2020
(With Summarized Comparative Information for 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Cash	\$ 147,309	\$ 125,481
Accounts receivable	-	8,190
Contributions receivable	23,205	5,968
Prepaid expenses and other assets	<u>400</u>	<u>8,314</u>
Total assets	<u>\$ 170,914</u>	<u>\$ 147,953</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 7,738	\$ 1,331
Accrued vacation	2,365	2,923
Deferred revenue	36,842	56,250
Note payable	50,000	-
Pass-through contributions payable	-	7,500
Refundable advance	<u>-</u>	<u>8,586</u>
Total liabilities	<u>96,945</u>	<u>76,590</u>
Net Assets		
Without donor restrictions	39,024	54,954
With donor restrictions	<u>34,945</u>	<u>16,409</u>
Total net assets	<u>73,969</u>	<u>71,363</u>
Total liabilities and net assets	<u>\$ 170,914</u>	<u>\$ 147,953</u>

See accompanying notes.

HELPAGE USA, INC.
Statement of Activities
Year Ended December 31, 2020
(With Summarized Comparative Information for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Contributions	\$ 351,197	\$ 254,484	\$ 605,681	\$ 368,032
Contract income	111,600	-	111,600	233,190
Net assets released from restrictions:				
Satisfaction of purpose restrictions	235,948	(235,948)	-	-
Total revenue and support	698,745	18,536	717,281	601,222
Expenses				
Program services:				
Protecting from COVID-19	298,896	-	298,896	-
Policy and Education	153,134	-	153,134	96,028
HAI support	-	-	-	59,704
Other programs	36,242	-	36,242	187,544
Total program services	488,272	-	488,272	343,276
Supporting services:				
Management and general	142,851	-	142,851	167,669
Fundraising	83,552	-	83,552	72,186
Total supporting services	226,403	-	226,403	239,855
Total expenses	714,675	-	714,675	583,131
Change in Net Assets	(15,930)	18,536	2,606	18,091
Net Assets, beginning of year	54,954	16,409	71,363	53,272
Net Assets, end of year	\$ 39,024	\$ 34,945	\$ 73,969	\$ 71,363

See accompanying notes.

HELPAGE USA, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

(With Summarized Comparative Information for 2019)

	2020							2019	
	Program Services			Supporting Services				Total	Total
	Protecting Older People from COVID-19	Policy and Education	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Grants and awards	\$ 297,500	\$ -	\$ 22,829	\$ 320,329	\$ -	\$ -	\$ -	\$ 320,329	\$ 317,488
Salaries and related expenses	1,396	136,179	13,413	150,988	83,496	63,894	147,390	298,378	168,990
Professional fees	-	9,500	-	9,500	30,887	19,214	50,101	59,601	37,694
Occupancy	-	-	-	-	17,196	-	17,196	17,196	31,655
Office expenses	-	1,092	-	1,092	10,220	444	10,664	11,756	14,350
Travel and meetings	-	6,363	-	6,363	1,052	-	1,052	7,415	12,901
Other expenses	-	-	-	-	-	-	-	-	53
Total Expenses	\$ 298,896	\$ 153,134	\$ 36,242	\$ 488,272	\$ 142,851	\$ 83,552	\$ 226,403	\$ 714,675	\$ 583,131

See accompanying notes.

HELPAGE USA, INC.
Statement of Cash Flows
Year Ended December 31, 2020
(With Summarized Comparative Information for 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,606	\$ 18,091
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in operating assets and liabilities:		
Accounts receivables	8,190	(8,190)
Contributions receivables	(17,237)	2,204
Prepaid expenses and other assets	7,914	7,783
Accounts payable and accrued expenses	6,407	(2,564)
Accrued vacation	(558)	(80)
Deferred revenue	(19,408)	-
Pass-through contributions payable	(7,500)	7,500
Refundable advance	(8,586)	(4,980)
	<u>(28,172)</u>	<u>19,764</u>
Net cash (used in) provided by operating activities		
Cash Flows from Financing Activities		
Borrowing on note payable	<u>50,000</u>	<u>-</u>
Net cash provided by financing activities	<u>50,000</u>	<u>-</u>
Net Increase in Cash	21,828	19,764
Cash, beginning of year	<u>125,481</u>	<u>105,717</u>
Cash, end of year	<u>\$ 147,309</u>	<u>\$ 125,481</u>

See accompanying notes.

1. Nature of Operations

HelpAge USA, Inc. (the Organization) works with its 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.

Contributions Receivable

Contributions receivable represent amounts due from the Organization's various contributors. The balance of contributions receivable at December 31, 2020 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.

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, 2020.

Revenue Recognition

Contributions

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.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions (continued)

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. The Organization adopted the simultaneous release option for donor-restricted conditional contributions that are recognized and used within the same reporting period, therefore, these amounts are reported as without donor restrictions. 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. Revenue recognized but not received 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 no unrecognized conditional awards or refundable advances at December 31, 2020.

Paycheck Protection Program Forgivable Loan

The Organization received a Small Business Administration, Paycheck Protection Program (PPP) loan in May 2020 in the amount of \$56,000. The loan carried an interest rate of 1% per annum, had a two-year repayment period and was unsecured. In addition, there was a deferral of the repayment of the loan for up to six months.

The Organization's policy is to account for the PPP loan as a conditional contribution. The Organization fully met the conditions prior to December 31, 2020 and received forgiveness under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act during the year ended December 31, 2020. Accordingly, this amount is included in contributions on the accompanying statement of activities.

Contract Income

The Organization performs contract services, which are related to its tax-exempt purpose, for other organizations. Such contract service income is considered an exchange transaction in which the revenue is recognized once the service has been provided. Revenue received in advance for contracts are included in deferred revenue on the accompanying statement of financial position. The Organization had \$36,842 deferred revenue related to contract income at December 31, 2020.

2. Summary of Significant Accounting Policies (continued)

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.

Pending Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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, 2019 from which the summarized information was derived.

Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 financial statement presentation.

3. Concentrations

Revenue from two sources accounted for approximately 80% of the Organization's revenue and support for the year ended December 31, 2020.

4. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets at December 31, 2020, 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	\$ 147,309
Contributions receivable	<u>23,205</u>
Total financial assets	170,514
Less those unavailable for general expenditures within one year due to:	
Deferred revenue	(36,842)
Donor-imposed restrictions on the financial assets	<u>(34,945)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 98,727</u></u>

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.

5. Note Payable

On July 23, 2020, the Organization received an Economic Injury Disaster Loan (EIDL) of \$50,000 from the Small Business Administration (SBA) under the provisions of the CARES Act. The loan carries an interest rate of 2.75% per annum with a deferral period of twenty-four months after which the 30-year repayment term will begin. Collateral on the note includes all current and future assets of the Organization.

At December 31, 2020, minimum future principal payments were as follows for the years ending December 31:

2021	\$ -
2022	463
2023	1,142
2024	1,170
2025	1,207
Thereafter	<u>46,018</u>
Total future principal payments	<u><u>\$ 50,000</u></u>

6. Leases

In 2019, the Organization entered into a lease for the 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 30 days prior written notice. At December 31, 2020, future minimum lease payments required under the lease is \$3,000. Rent expense under the office lease was approximately \$16,000 for the year ended December 31, 2020.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2020:

Subject to expenditures for specific purposes:	
Protecting from COVID-19	<u>\$ 34,945</u>
Total net assets with donor restrictions	<u>\$ 34,945</u>

During the year ended December 31, 2020, releases from net assets with donor restrictions were for the following:

Satisfaction of expenditures for specific purposes:	
Protecting from COVID-19	\$ 219,539
Disaster Risk Reduction	8,909
Fellowship	<u>7,500</u>
Total net assets released from donor restrictions	<u>\$ 235,948</u>

8. 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 of the Organization. The Organization granted \$306,009 to HelpAge International during the year ended December 31, 2020 and received \$56,250 in contributions from HelpAge International during the year ended December 31, 2020. In addition, HelpAge International contracted the Organization to provide certain professional services. The Organization recognized \$111,600 for contract service income from HelpAge International during the year ended December 31, 2020.

9. 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, 2020, as the Organization had no taxable net unrelated business income.

9. Income Taxes (continued)

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, 2020 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.

10. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 10, 2021, 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..