

HELPAGE USA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2021

(With Summarized Comparative Information for the Year Ended December 31, 2020)

HELPAGE USA, INC.

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December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HelpAge USA, Inc.

Opinion

We have audited the accompanying financial statements of HelpAge USA, Inc. (the Organization), 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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. 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 the Organization 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 audit opinion.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



HAN GROUP LLC
Washington, DC
November 3, 2022

HELPAGE USA, INC.
Statement of Financial Position
December 31, 2021
(With Summarized Comparative Information for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 375,064	\$ 147,309
Contributions receivable	194,314	23,205
Prepaid expenses and other assets	<u>1,625</u>	<u>400</u>
Total assets	<u>\$ 571,003</u>	<u>\$ 170,914</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,873	\$ 7,738
Accrued vacation	3,163	2,365
Grants payable	94,059	-
Deferred revenue	-	36,842
Note payable	<u>-</u>	<u>50,000</u>
Total liabilities	<u>101,095</u>	<u>96,945</u>
Net Assets		
Without donor restrictions	277,864	39,024
With donor restrictions	<u>192,044</u>	<u>34,945</u>
Total net assets	<u>469,908</u>	<u>73,969</u>
Total liabilities and net assets	<u>\$ 571,003</u>	<u>\$ 170,914</u>

See accompanying notes.

HELPAGE USA, INC.
Statement of Activities
Year Ended December 31, 2021
(With Summarized Comparative Information for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Contributions	\$ 375,469	\$ 553,701	\$ 929,170	\$ 605,681
Contract income	36,842	-	36,842	111,600
Net assets released from restrictions:				
Satisfaction of purpose restrictions	396,602	(396,602)	-	-
Total revenue and support	808,913	157,099	966,012	717,281
Expenses				
Program services:				
Disaster Risk Reduction	235,148	-	235,148	-
Policy and Education	127,261	-	127,261	153,134
Protecting from COVID-19	102,917	-	102,917	298,896
Emergency Protection in Ukraine	2,990	-	2,990	-
Other programs	-	-	-	36,242
Total program services	468,316	-	468,316	488,272
Supporting services:				
Management and general	83,829	-	83,829	142,851
Fundraising	17,928	-	17,928	83,552
Total supporting services	101,757	-	101,757	226,403
Total expenses	570,073	-	570,073	714,675
Change in Net Assets	238,840	157,099	395,939	2,606
Net Assets, beginning of year	39,024	34,945	73,969	71,363
Net Assets, end of year	<u>\$ 277,864</u>	<u>\$ 192,044</u>	<u>\$ 469,908</u>	<u>\$ 73,969</u>

See accompanying notes.

HELPAGE USA, INC.

Statement of Functional Expenses

Year Ended December 31, 2021

(With Summarized Comparative Information for 2020)

	2021							2020		
	Program Services				Supporting Services			Total	Total	
	Disaster Risk Reduction	Policy and Education	Protecting from COVID-19	Emergency Protection in Ukraine	Total Program Services	Management and General	Fundraising			Total Supporting Services
Grants and awards	\$ 235,148	\$ -	\$ 40,214	\$ -	\$ 275,362	\$ -	\$ -	\$ -	\$ 275,362	\$ 320,329
Salaries and related expenses	-	127,261	5,886	2,990	136,137	17,738	15,728	33,466	169,603	298,378
Professional fees	-	-	56,751	-	56,751	47,154	2,200	49,354	106,105	59,601
Office expenses	-	-	66	-	66	16,898	-	16,898	16,964	11,756
Travel and meetings	-	-	-	-	-	875	-	875	875	7,415
Occupancy	-	-	-	-	-	495	-	495	495	17,196
Other expenses	-	-	-	-	-	669	-	669	669	-
Total Expenses	\$ 235,148	\$ 127,261	\$ 102,917	\$ 2,990	\$ 468,316	\$ 83,829	\$ 17,928	\$ 101,757	\$ 570,073	\$ 714,675

See accompanying notes.

HELPAGE USA, INC.
Statement of Cash Flows
Year Ended December 31, 2021
(With Summarized Comparative Information for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 395,939	\$ 2,606
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
Contributions receivables	(171,109)	(17,237)
Prepaid expenses and other assets	(1,225)	7,914
Accounts payable and accrued expenses	(3,865)	6,407
Accrued vacation	798	(558)
Grants payable	94,059	-
Deferred revenue	(36,842)	(19,408)
Pass-through contributions payable	-	(7,500)
Refundable advance	-	(8,586)
	<u>277,755</u>	<u>(28,172)</u>
Net cash provided by (used in) operating activities		
Cash Flows from Financing Activities		
Borrowing on note payable	-	50,000
Repayment of note payable	(50,000)	-
	<u>(50,000)</u>	<u>50,000</u>
Net cash (used in) provided by financing activities		
Net Increase in Cash	227,755	21,828
Cash, beginning of year	<u>147,309</u>	<u>125,481</u>
Cash, end of year	<u>\$ 375,064</u>	<u>\$ 147,309</u>

See accompanying notes.

1. **Nature of Operations**

HelpAge USA, Inc. (the Organization) works with its global network of affiliates and partners in over 80 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, 2021 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.

Grants Payable

The Organization makes grants for support of various programs and initiatives that fall within the Organization's mission. The amount for which the Organization is obligated is recorded upon the grant's approval. At December 31, 2021, the entire grants payable was due within one year.

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, 2021.

2. Summary of Significant Accounting Policies (continued)

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.

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, 2021.

Paycheck Protection Program Forgivable Loan

The Organization received a second draw of the Small Business Administration, Paycheck Protection Program (PPP) loan in February 2021 in the amount of \$55,387. 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 ten 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, 2021 and received forgiveness under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act during the year ended December 31, 2021. Accordingly, this amount is included in contributions on the accompanying statement of activities.

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.

2. Summary of Significant Accounting Policies (continued)

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. Management is currently evaluating the impact of ASU 2016-02 and ASU 2020-07 on the Organization's financial statements.

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, 2020 from which the summarized information was derived.

3. Concentrations

Financial instruments that potentially subject the Organization to a significant concentration of credit risk consist of cash. The Organization maintains cash deposits with a financial institution that may, from time to time, exceed insurable limits. The Organization has not experienced any losses on its cash and management believes that the risk of any loss is minimal.

Revenue from two sources accounted for approximately 78% of the Organization's revenue and support for the year ended December 31, 2021. In addition, amounts due from one donor accounted for 89% of the Organization's grants receivable at December 31, 2021.

4. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets at December 31, 2021, 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	\$ 375,064
Contributions receivable	<u>194,314</u>
Total financial assets	569,378
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions on the financial assets	<u>(19,902)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 549,476</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. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2021:

Subject to the passage of time	\$ 172,142
Subject to expenditures for specific purposes:	
Disaster Risk Reduction	14,852
Emergency Protection in Ukraine	<u>5,050</u>
Total net assets with donor restrictions	<u><u>\$ 192,044</u></u>

During the year ended December 31, 2021, releases from net assets with donor restrictions were for the following:

Satisfaction of expenditures for specific purposes:	
Disaster Risk Reduction	\$ 235,148
Protecting from COVID-19	160,045
Emergency Protection in Ukraine	<u>1,409</u>
Total net assets released from donor restrictions	<u><u>\$ 396,602</u></u>

6. Note Payable

On July 23, 2020, the Organization received an Economic Injury Disaster Loan (EIDL) of \$50,000 from the 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. The collateral on the note includes all current and future assets of the Organization. In March 2021, the Organization paid the outstanding balance in full.

7. Related Party Transactions

The Organization entered into contribution and contract arrangements with HelpAge International, a London based organization. A board member and officer with HelpAge International is also a board member of the Organization. The Organization granted \$141,089 to HelpAge International during the year ended December 31, 2021 and received \$350,743 in contributions from HelpAge International during the year ended December 31, 2021. In addition, HelpAge International contracted the Organization to provide certain professional services. The Organization recognized \$36,842 for contract service income from HelpAge International during the year ended December 31, 2021.

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, 2021, 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, 2021 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 3, 2022, 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.