

HELPAGE USA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2022

(With Summarized Comparative Information for the Year Ended December 31, 2021)

HELPAGE USA, INC.

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December 31, 2022

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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, 2022, 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, 2022, and the changes in 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.

Adoption of New Accounting Standards

As disclosed in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



HAN GROUP LLC
Washington, DC
January 25, 2024

HELPAGE USA, INC.

Statement of Financial Position

December 31, 2022

(With Summarized Comparative Information for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 2,179,997	\$ 375,064
Accounts receivable	8,768	-
Contributions receivable	44,289	194,314
Prepaid expenses and other assets	<u>2,025</u>	<u>1,625</u>
Total assets	<u>\$ 2,235,079</u>	<u>\$ 571,003</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 12,038	\$ 3,873
Accrued vacation	-	3,163
Grants payable	<u>420,229</u>	<u>94,059</u>
Total liabilities	<u>432,267</u>	<u>101,095</u>
Net Assets		
Without donor restrictions	71,239	277,864
With donor restrictions	<u>1,731,573</u>	<u>192,044</u>
Total net assets	<u>1,802,812</u>	<u>469,908</u>
Total liabilities and net assets	<u>\$ 2,235,079</u>	<u>\$ 571,003</u>

See accompanying notes.

HELPAGE USA, INC.
Statement of Activities
Year Ended December 31, 2022
(With Summarized Comparative Information for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Contributions of cash and other financial assets	\$ 348,365	\$ 2,757,524	\$ 3,105,889	\$ 929,170
Contributions of nonfinancial assets	20,806	-	20,806	-
Contract income	27,156	-	27,156	36,842
Other income	8,603	-	8,603	-
Net assets released from restrictions:				
Expiration of time restrictions	172,142	(172,142)	-	-
Satisfaction of purpose restrictions	1,045,853	(1,045,853)	-	-
Total revenue and support	1,622,925	1,539,529	3,162,454	966,012
Expenses				
Program services:				
Humanitarian	1,362,061	-	1,362,061	-
Healthy Aging	191,018	-	191,018	-
Policy and Education	113,418	-	113,418	127,261
Financial Inclusion	15,665	-	15,665	-
Disaster Risk Reduction	-	-	-	235,148
Protecting from COVID-19	-	-	-	102,917
Emergency Protection in Ukraine	-	-	-	2,990
Total program services	1,682,162	-	1,682,162	468,316
Supporting services:				
Management and general	139,148	-	139,148	83,829
Fundraising	8,240	-	8,240	17,928
Total supporting services	147,388	-	147,388	101,757
Total expenses	1,829,550	-	1,829,550	570,073
Change in Net Assets	(206,625)	1,539,529	1,332,904	395,939
Net Assets, beginning of year	277,864	192,044	469,908	73,969
Net Assets, end of year	\$ 71,239	\$ 1,731,573	\$ 1,802,812	\$ 469,908

See accompanying notes.

HELPAGE USA, INC.

Statement of Functional Expenses

Year Ended December 31, 2022

(With Summarized Comparative Information for 2021)

	2022				
	Program Services				
	Humanitarian	Healthy Aging	Policy and Education	Financial Inclusion	Total Program Services
Grants and awards	\$ 1,309,140	\$ -	\$ -	\$ 8,590	\$ 1,317,730
Salaries and related expenses	45,932	37,194	104,070	3,075	190,271
Professional fees	6,300	136,218	8,450	4,000	154,968
Office expenses	514	14,508	448	-	15,470
Travel and meetings	-	1,297	-	-	1,297
Occupancy	-	-	-	-	-
Other expenses	175	1,801	450	-	2,426
Total Expenses	\$ 1,362,061	\$ 191,018	\$ 113,418	\$ 15,665	\$ 1,682,162

See accompanying notes.

HELPAGE USA, INC.

Statement of Functional Expenses (continued)

Year Ended December 31, 2022

(With Summarized Comparative Information for 2021)

	2022			2021	
	Supporting Services				
	Management and General	Fundraising	Total Supporting Services	Total	Total
Grants and awards	\$ -	\$ -	\$ -	\$ 1,317,730	\$ 275,362
Salaries and related expenses	55,286	5,790	61,076	251,347	169,603
Professional fees	63,227	2,450	65,677	220,645	106,105
Office expenses	11,464	-	11,464	26,934	16,964
Travel and meetings	4,116	-	4,116	5,413	875
Occupancy	5,000	-	5,000	5,000	495
Other expenses	55	-	55	2,481	669
Total Expenses	\$ 139,148	\$ 8,240	\$ 147,388	\$ 1,829,550	\$ 570,073

See accompanying notes.

HELPAGE USA, INC.
Statement of Cash Flows
Year Ended December 31, 2022
(With Summarized Comparative Information for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,332,904	\$ 395,939
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Accounts receivables	(8,768)	-
Contributions receivables	150,025	(171,109)
Prepaid expenses and other assets	(400)	(1,225)
Accounts payable and accrued expenses	8,165	(3,865)
Accrued vacation	(3,163)	798
Grants payable	326,170	94,059
Deferred revenue	-	(36,842)
Net cash provided by operating activities	<u>1,804,933</u>	<u>277,755</u>
Cash Flows from Financing Activities		
Repayment of note payable	<u>-</u>	<u>(50,000)</u>
Net cash used in financing activities	<u>-</u>	<u>(50,000)</u>
Net Increase in Cash	1,804,933	227,755
Cash, beginning of year	<u>375,064</u>	<u>147,309</u>
Cash, end of year	<u>\$ 2,179,997</u>	<u>\$ 375,064</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.

Adoption of New Accounting Standards

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires that an organization present contributions of nonfinancial assets as a separate line item apart from contributions of cash or other financial assets on the statement of activities. Additionally, the categories of recognized contributed nonfinancial assets, how the services were utilized and the valuation techniques and inputs used to arrive at a fair value measure are disclosed. The Organization adopted ASU 2020-07 on a retrospective basis. Contributions of nonfinancial assets are presented as a separate line item on the statement activities in accordance with the standards.

Accounts Receivable

Accounts receivable represent amounts due from the Organization's various revenue sources. The balance of accounts receivable at December 31, 2022 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 balance of contributions receivable at December 31, 2022 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, 2022, the entire grants payable was due within one year.

2. Summary of Significant Accounting Policies (continued)

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, 2022.

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, 2022.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recognized as revenue and expenses or assets on the accompanying statement of activities at their estimated fair value at the date of receipt. Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. See note 7 for additional information.

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.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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, 2021 from which the summarized information was derived.

Pending Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for non-public entities for fiscal years beginning after December 15, 2022, with early adoption permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach. Management is currently evaluating the impact of ASU 2016-13 on the Organization's financial statements.

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 and support from two sources accounted for approximately 60% of the Organization's revenue and support for the year ended December 31, 2022. In addition, amounts due from three donors accounted for 100% of the Organization's contributions receivable at December 31, 2022.

4. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets at December 31, 2022, 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	\$ 2,179,997
Accounts receivable	8,768
Contributions receivable	<u>44,289</u>
Total financial assets	2,233,054
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions on financial assets	<u>(1,731,573)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 501,481</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, 2022:

Subject to the passage of time	\$ 872,336
Subject to expenditures for specific purposes:	
Emergency Protection in Ukraine	856,737
Protecting from COVID-19	<u>2,500</u>
Total net assets with donor restrictions	<u><u>\$ 1,731,573</u></u>

During the year ended December 31, 2022, releases from net assets with donor restrictions were for the following:

Expiration of time restrictions:	\$ 172,142
Satisfaction of purpose restrictions:	
Emergency Protection in Ukraine	926,681
Protecting from COVID-19	100,800
Disaster Risk Reduction	<u>18,372</u>
Total net assets released from donor restrictions	<u><u>\$ 1,217,995</u></u>

6. Related Party Transactions

The Organization entered into contribution arrangements with HelpAge International, a London based organization. A board member with HelpAge International is also a board member of the Organization. The Organization granted \$1,353,825 to HelpAge International during the year ended December 31, 2022 and received \$59,988 in contributions from HelpAge International during the year ended December 31, 2022.

7. Contributed Nonfinancial Assets

The following table summarizes the Organization's contributed nonfinancial assets received by major category for the year ended December 31, 2022:

Nonfinancial Assets	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Fair Value Techniques and Inputs
Legal services	\$ 20,806	Supporting program activities	Without Donor Restrictions	Estimated fair value based on current rates that would have been incurred to obtain them

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, 2022, 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, 2022 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 January 25, 2024, 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.