

# ***ORPHAN HELPERS, INC.***

FINANCIAL REPORT

JUNE 30, 2021

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Orphan Helpers Inc.  
Newport News, Virginia

### *Report on Financial Statements*

We have audited the accompanying financial statements of Orphan Helpers, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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 of material misstatement.

An audit includes 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 auditor considers 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 principles used and the reasonableness of significant 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 Orphan Helpers Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*A. Rohm, Smith & Company*

Newport News, Virginia

November 5, 2021

## **FINANCIAL STATEMENTS**

**ORPHAN HELPERS, INC.**  
Statement of Financial Position  
June 30, 2021

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**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 313,798
Grants receivable	18,000
Prepaid expenses	<u>844</u>
Total current assets	332,642

**PROPERTY AND EQUIPMENT, NET**

31,405

**NON-CURRENT ASSETS**

Other asset - rental security deposit	<u>750</u>
Total noncurrent assets	<u>750</u>
Total assets	<u>\$ 364,797</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 7,581</u>
Total current liabilities	<u>7,581</u>

**NET ASSETS**

Without donor restrictions	264,522
With donor restrictions	<u>92,694</u>
Total net assets	<u>357,216</u>
Total liabilities and net assets	<u>\$ 364,797</u>

*See accompanying notes.*

**ORPHAN HELPERS, INC.**  
Statement of Activities and Changes in Net Assets  
June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>			
<b>Public Support</b>			
Grants	\$ 126,000	\$ -	\$ 126,000
Contributions - cash	511,309	228,544	739,853
Contributions - in-kind services	55,000	-	55,000
Net assets released from restriction	<u>215,101</u>	<u>(215,101)</u>	<u>-</u>
Total public support	<u>907,410</u>	<u>13,443</u>	<u>920,853</u>
<b>Revenue</b>			
Other income	78,125	-	78,125
Investment income	<u>23</u>	<u>-</u>	<u>23</u>
Total revenue	<u>78,148</u>	<u>-</u>	<u>78,148</u>
Total public support and revenue	<u>985,558</u>	<u>13,443</u>	<u>999,001</u>
<b>Expenses</b>			
Program expenses	<u>688,149</u>	<u>-</u>	<u>688,149</u>
Supporting services:			
Management and general	24,424	-	24,424
Fundraising	<u>116,889</u>	<u>-</u>	<u>116,889</u>
Total support services	<u>141,313</u>	<u>-</u>	<u>141,313</u>
Total expenses	<u>829,462</u>	<u>-</u>	<u>829,462</u>
Change in net assets from operations	<u>156,096</u>	<u>13,443</u>	<u>169,539</u>
<b>NET ASSETS</b>			
Beginning of year, as previously reported	184,344	79,251	263,595
Prior period adjustment	<u>(75,918)</u>	<u>-</u>	<u>(75,918)</u>
Beginning of year, restated	<u>108,426</u>	<u>79,251</u>	<u>187,677</u>
Ending of year	<u>\$ 264,522</u>	<u>\$ 92,694</u>	<u>\$ 357,216</u>

*See accompanying notes.*

**ORPHAN HELPERS, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program Services						Total Program Expenses	Management and General	Fundraising	Total
	Headquarters	Mission and Vision Trips	El Salvador	Honduras	Jalteva	COVID-19 Response				
<b>FUNCTIONAL EXPENSES</b>										
Salaries and related benefits	\$ 146,410	\$ -	\$ 121,251	\$ 138,925	\$ -	\$ -	\$ 406,586	\$ 13,424	\$ 87,618	\$ 507,628
Marketing consultants	33,000	-	-	-	-	-	33,000	11,000	11,000	55,000
Professional fees	41,450	-	2,400	606	-	-	44,456	-	300	44,756
Occupancy	12,372	-	8,145	10,373	-	-	30,890	-	-	30,890
Charitable donations	23,000	-	-	-	-	-	23,000	-	-	23,000
Information technology	9,627	-	153	1,913	-	-	11,693	-	-	11,693
COVID-19 Emergency relief	-	-	-	-	-	13,170	13,170	-	-	13,170
Program materials and other	-	-	196	186	3,667	-	4,049	-	-	4,049
Other program expenses	-	-	14,982	14,983	-	-	29,965	-	-	29,965
Travel	4,865	791	220	749	-	-	6,625	-	267	6,892
Vehicle expense	81	-	3,743	9,200	-	-	13,024	-	-	13,024
Supplies	4,990	-	11,367	4,261	-	-	20,618	-	-	20,618
Depreciation	-	-	5,363	5,363	-	-	10,726	-	-	10,726
Postage	574	-	-	-	-	-	574	-	5,239	5,813
Conferences and meetings	273	-	1,038	1,118	-	-	2,429	-	332	2,761
Service charges	3,062	-	812	-	-	-	3,874	-	-	3,874
Communications	140	-	4,900	978	-	-	6,018	-	770	6,788
Success Academy expenses	9,668	-	-	-	-	-	9,668	-	-	9,668
Insurance	1,659	-	-	-	-	-	1,659	-	-	1,659
Transportation-local	200	-	4,300	454	-	-	4,954	-	-	4,954
Miscellaneous	1,118	-	158	-	-	-	1,276	-	331	1,607
Equipment rental	1,066	-	-	-	-	-	1,066	-	-	1,066
Printing and reproduction	3,262	-	-	-	-	-	3,262	-	11,032	14,294
Organization memberships	2,880	-	-	-	-	-	2,880	-	-	2,880
Medical expenses	559	-	38	-	-	-	597	-	-	597
Taxes - other	125	-	156	1,809	-	-	2,090	-	-	2,090
<b>Total expenses</b>	<b>\$ 300,381</b>	<b>\$ 791</b>	<b>\$ 179,222</b>	<b>\$ 190,918</b>	<b>\$ 3,667</b>	<b>\$ 13,170</b>	<b>\$ 688,149</b>	<b>\$ 24,424</b>	<b>\$ 116,889</b>	<b>\$ 829,462</b>

See accompanying notes.

# ORPHAN HELPERS, INC.

## Statement of Cash Flows

Year Ended June 30, 2021

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### CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	169,539
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		10,727
Prior period adjustment		(75,918)
Net changes in assets and liabilities:		
Grants receivable		(9,000)
Prepaid expenses		(844)
Accounts payable and accrued expenses		(17,280)
Net cash provided by operating activities		<u>77,224</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets (net)		(734)
Increase in beneficial interest in asset held by others		<u>75,918</u>
Net cash provided by investing activities		<u>75,184</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt		37,000
Payments on long-term debt		<u>(78,000)</u>
Net cash used in financing activities		<u>(41,000)</u>
Net increase in cash		111,408

### CASH

Beginning		<u>202,390</u>
Ending	\$	<u>313,798</u>

*See accompanying notes.*



**ORPHAN HELPERS, INC.**  
Notes to Financial Statements  
June 30, 2021

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**NOTE 1. DESCRIPTION OF THE ORGANIZATION**

*Nature of Activities*

Orphan Helpers, Inc. (the “Organization”) is a publicly supported nonprofit corporation that assists orphaned, abused, and incarcerated children living in El Salvador and Honduras. The Organization defines, develops, implements, and operates need-specific programs that address the spiritual, educational, emotional, and physical deficiencies of the target population. The Organization employs a highly-leveraged partnership between central and North American churches, organizations, governments, individuals, and businesses to maximize the impact of each donor’s contribution. It is the intent of the Organization to expand their services to other Central and South American regions using the models and programs currently being developed and deployed in El Salvador and Honduras.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Financial Statement Presentation*

The Organization reports information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The classes of net assets are described as follows:

- *Net assets without donor restrictions* are those that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the Board of Directors
- *Net assets with donor restrictions* are amounts subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2021, the Organization had no permanently restricted net assets.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

*Cash and Cash Equivalents*

Cash and cash equivalents consist of highly liquid investments with a purchased original maturity of three months or less.

**ORPHAN HELPERS, INC.**  
Notes to Financial Statements  
June 30, 2021

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Concentrations of Credit Risk***

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of interest-bearing cash on deposit with a bank. The Organization places its cash on deposit with a high credit quality financial institution. These interest-bearing deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021, the Organization's cash balances did not exceed this limit.

***Property and Equipment***

The Organization's policy is to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donated property and equipment are recorded and capitalized at their estimated fair value.

Computers, equipment and vehicles are depreciated using the straight-line method over the estimated useful lives ranging from 3 to 7 years.

***Functional Allocation of Expenses***

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited on an equitable basis. Most all expenses that are not directly attributable to a particular program are allocated based on estimates of time and effort.

***Income Taxes***

The Organization is a nonprofit entity exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification 740-10-25, which require that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions.

***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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ORPHAN HELPERS, INC.**  
Notes to Financial Statements  
June 30, 2021

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**NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2021 consist of the following:

IT Components	\$	12,589
Vehicles		114,323
Equipment		2,305
		129,217
Less Accumulated depreciation		97,812
		\$ 31,405

Depreciation expense was \$10,727 for the year ended June 30, 2021.

**NOTE 4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses at June 30, 2021 consist of the following:

Accounts payable	\$	7,452
Credit cards payable		129
		\$ 7,581

**NOTE 5. NET ASSETS**

At June 30, 2021, net assets with donor restrictions are available for the following purposes:

Staff support	\$	57,530
Central American staff medical fund		13,655
Success Academy		4,412
Success Coach		12,097
Vehicles		5,000
		\$ 92,694

**ORPHAN HELPERS, INC.**  
Notes to Financial Statements  
June 30, 2021

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**NOTE 6. LEASE COMMITMENTS**

The Organization leases office space under an operating lease through June 30, 2023, with an option to renew for another two-year term, requiring annual payments as shown below.

Future minimum payments required under this lease are as follows:

Year Ended June 30:

2022	\$	10,130
2023		10,434
2024		10,746
2025		<u>11,069</u>
	\$	<u><u>42,379</u></u>

The Organization also leases office equipment under an operating lease requiring monthly payments of \$68 plus taxes through June 2023.

Future minimum payments required under this lease are as follows:

Year Ended June 30:

2022	\$	816
2023		<u>816</u>
	\$	<u><u>1,632</u></u>

**NOTE 7. RELATED PARTY TRANSACTIONS**

Orphan Helpers, Inc. has established a donor-advised fund with The Signatry, a donor advised fund sponsor and global ministry dedicated to facilitating transformational grants to nonprofits around the world. The wife of the Executive Director is employed by The Signatry. During the year, Orphan Helpers, Inc. deposited \$23,000 into their donor-advised fund, which is shown as charitable donations in the Schedule of Functional Expenses

As discussed in Note 10, it was determined in the current year that deposits into this donor-advised fund in the prior year should have been recorded as charitable donations rather than as an investment. As a result, charitable donations should have been higher by \$75,918 in the prior year.

**ORPHAN HELPERS, INC.**  
Notes to Financial Statements  
June 30, 2021

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**NOTE 8. AVAILABILITY AND LIQUIDITY**

The following represents Orphan Helpers, Inc.'s financial assets at year-end:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 313,798	\$ 202,390
Grants receivable	18,000	9,000
Prepaid expenses	844	-
Other assets	<u>750</u>	<u>750</u>
Total financial assets	333,392	212,140
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>92,694</u>	<u>79,251</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 240,698</u>	<u>\$ 132,889</u>

**NOTE 9. PRIOR PERIOD ADJUSTMENT**

During the current year, it was determined that the investment account at The Signatry, a donor-advised fund, should not be recorded as an investment but as a charitable donation when the funds are transferred. This account was initiated in May 2020, and so it was reported incorrectly as an investment in the statement of financial position at June 30, 2020. As a result, a prior period adjustment was necessary in the current year to correct this error, resulting in decreased beginning net assets of \$75,918.

**NOTE 10. COVID-19**

In March 2020, the outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The extent of the impact of the outbreak on the Organization's financial performance will depend on certain developments, including the duration and spread of the outbreak, governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

**ORPHAN HELPERS, INC.**  
Notes to Financial Statements  
June 30, 2021

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**NOTE 11. SUBSEQUENT EVENTS**

On August 17, 2021, the Board of Directors adopted a corporate resolution establishing a branch office of Orphan Helpers in the Republic of Guatemala known as Orphan Helpers Foundation in order to provide direct services to children and youth of Guatemala. They provided \$5,000 to the Foundation in order to begin operations.

Management evaluated subsequent events through November 5, 2021, the date which these financial statements were available to be issued.