

# ORPHAN HELPERS



INDEPENDENT AUDITOR'S FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022 – AUDITED



**DENNISON CPA**  
Church & Ministry Advisor

**ORPHAN HELPERS**

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INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

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, 2022, and the related statements of activities 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 Orphan Helpers, Inc. as of June 30, 2022, 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 Orphan Helpers, Inc. 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 Orphan Helpers, Inc.'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, including omissions, 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 Orphan Helpers, Inc.'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 Orphan Helpers, Inc.'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.

*Dennison CPA, PC*

Saint Cloud, Minnesota  
March 17, 2023

# ORPHAN HELPERS, INC.

(a not-for-profit corporation)  
Statement of Financial Position  
As of June 30, 2022

<b><u>ASSETS</u></b>	
<b><u>CURRENT ASSETS</u></b>	
Cash and cash equivalents	252,852
Cash and cash equivalents - restricted	178,941
Prepaid expenses	869
Grant receivable	18,000
Unconditional promise to give	860,052
Rental deposit	750
Total Current Assets	<u>1,311,465</u>
<b><u>PROPERTY AND EQUIPMENT</u></b>	
Furniture & equipment	17,282
Vehicles	134,143
Operating lease right-of-use asset	32,082
Less: Accumulated depreciation	<u>(109,038)</u>
Total Property & Equipment	<u>74,470</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>1,385,934</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>	
<b><u>CURRENT LIABILITIES</u></b>	
Accounts payable & accrued expenses	8,676
Credit cards payable	5,541
Current portion of Operating lease right-of-use liability	10,706
Total Current Liabilities	<u>24,923</u>
<b><u>LONG-TERM LIABILITIES</u></b>	
Operating lease right-of-use liability - net	21,376
Total Long-term Liabilities	<u>21,376</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>46,300</u></b>
<b><u>NET ASSETS</u></b>	
Without donor restrictions	
Undesignated	1,118,307
Net investment in land, buildings and equipment net of related debt	<u>42,387</u>
Total net assets without donor restrictions	<u>1,160,694</u>
With donor restrictions	178,941
Total Net Assets	<u>1,339,635</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>1,385,934</u></b>

# ORPHAN HELPERS, INC.

(a not-for-profit corporation)

Statement of Activities

For the Year Ended June 30, 2022

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## **CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

### **SUPPORT AND REVENUE**

Donations	640,412
Program Fees	2,168
Promise to Give Revenue	860,052
Total Support and Revenue	<u>1,502,633</u>
Net assets released from donor restrictions	
Restrictions satisfied by payments/time	<u>312,274</u>
Total Support and Reclassifications	<u>1,814,906</u>

### **FUNCTIONAL EXPENSES**

Ministry & Worship	304,552
Missions & Outreach	509,649
Management and General	32,981
Fundraising and Development	71,552
Total Expenses	<u>918,734</u>
Increase (decrease) in net assets	<u>896,172</u>

## **CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**

Restricted contributions	398,520
Net assets released from donor restriction	<u>(312,274)</u>
Increase (decrease) in net assets with donor restriction	<u>86,247</u>
Increase (decrease) in net assets	<u>982,419</u>

**Net Assets, Beginning Period**

357,216

**Net Assets, Ending Period**

1,339,635

# ORPHAN HELPERS, INC.

(a not-for-profit corporation)

Statement of Cash Flows

For the Year Ended June 30, 2022

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## **OPERATING ACTIVITIES**

Change in net assets	982,419
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation	11,225
(Increase) decrease in operating assets:	
Prepaid expenses	(25)
Unconditional promise to give	(860,052)
Increase (decrease) in operating liabilities:	
Accounts payable & accrued expenses	1,225
Credit cards payable	5,412
Net cash provided by operating activities	<u>140,203</u>

## **INVESTING ACTIVITIES**

Acquisition of furniture, fixtures & equipment	<u>(22,208)</u>
Net cash flows from investing activities	<u>(22,208)</u>

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 117,995

**CASH AND CASH EQUIVALENTS - BEGINNING** 313,798

**CASH AND CASH EQUIVALENTS - ENDING** 431,793

# ORPHAN HELPERS, INC.

(a not-for-profit corporation)

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program			Supporting Services			Total
	Headquarters and Domestic Operations	International Operations	Total Program Services	Management and General	Fundraising and Development	Total Supporting Activities	
Advertising	-	1,200	<b>1,200</b>	-	-	-	<b>1,200</b>
Bank fees	4,269	60	<b>4,329</b>	329	-	<b>329</b>	<b>4,658</b>
Depreciation	10,103	-	<b>10,103</b>	1,123	-	<b>1,123</b>	<b>11,225</b>
Donations	294	120,936	<b>121,230</b>	10,300	-	<b>10,300</b>	<b>131,530</b>
Events	11	1,168	<b>1,179</b>	-	-	-	<b>1,179</b>
Facility rent	12,073	11,365	<b>23,438</b>	-	-	-	<b>23,438</b>
Operations	1,304	75,500	<b>76,804</b>	-	-	-	<b>76,804</b>
Professional fees	37,553	1,620	<b>39,173</b>	4,000	-	<b>4,000</b>	<b>43,173</b>
Salaries & related benefits	176,500	255,633	<b>432,134</b>	17,229	71,189	<b>88,418</b>	<b>520,552</b>
Supplies	35,585	13,530	<b>49,114</b>	-	119	<b>119</b>	<b>49,233</b>
Travel & conferences	26,757	24,093	<b>50,849</b>	-	-	-	<b>50,849</b>
Utilities	105	4,544	<b>4,649</b>	-	245	<b>245</b>	<b>4,894</b>
<b>Total Expenses</b>	<b>304,552</b>	<b>509,649</b>	<b>814,201</b>	<b>32,981</b>	<b>71,552</b>	<b>104,533</b>	<b>918,734</b>



**NOTE 1 - NATURE OF ORGANIZATION:**

Orphan Helpers, Inc. (Organization) was organized and incorporated in the State of Virginia on June 29, 2000. The purpose of the Organization is to assist orphaned, abused, and incarcerated children living in El Salvador, Guatemala, 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, Guatemala, and Honduras.

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code (code). The Organization is classified as a publicly supported organization rather than a private foundation under Section 509(a) of the code. Contributions to the Organization are deductible for federal income tax purposes.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of Reporting – Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) and include all activities carried on in the name of the Organization. Revenues and expenses are recognized in the period earned or incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board from time to time designates, from net assets without donor restrictions, net assets for an operating reserve and/or board-designated programs.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Cash & Cash Equivalents and Credit Risks

Organization cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions and has not experienced, nor does it anticipate, any losses with respect to such accounts.

Support, Revenue and Reclassifications

Contributions received are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net asset with donor restrictions is reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions that are met in the same reporting period are reported as unrestricted support.

Revenues are reported as income when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Grants received in advance but not earned are reported as deferred grant revenue on the statement of financial position.

Although the Organization does receive indications of intent to support dedicated funds including capital campaigns, those commitments are faith promises and subject to unilateral change by the donor. The commitments are not considered unconditional promises to give and are not reported prior to receipt of the contribution. Upon receipt, these funds are reported as donor-restricted capital campaign gifts.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The Organization incurred no joint costs for the years ended June 30, 2022.

Reclassifications represent net assets released when expenses have been incurred in satisfaction of the donor restrictions.

Advertising Costs

The Organization expenses advertising costs as they are incurred which totaled \$1,200 for the years ended June 30, 2022.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Donated Services

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2022.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures, equipment, and leasehold improvements in excess of \$500. In accordance with GAAP, land is not depreciated, and Construction-in-Progress is depreciated when it is completed and placed into service. Maintenance, repairs, and minor renewal are expensed when incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which generally are as follows:

Building & improvements	10 – 39 years
Furniture and equipment	3 – 10 years
Vehicles	5 years
Leasehold improvements	life of lease or useful life (whichever is shorter)

Depreciation expense totaled \$11,225 for the years ended June 30, 2022.

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based upon technical merits, that the position will be sustained upon examinations. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2022, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Concentration of Support Risk

The Organization is primarily dependent upon contributions from its donors to meet expenses of operation and for the payment of principal and interest on debt, if any. Although management of the Organization expects contributions to be adequate, there can be no assurance that such contributions will be sufficient to meet the obligations. Also; there is no assurance that Organization donors will increase or remain stable, or that per capita contribution by donor will increase or remain stable.

Fair Value of Financial Instruments

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

Subsequent Events

Subsequent to June 30, 2022, the Organization was awarded a federal grant from the U.S. Department of State on December 13, 2022. The two-year grant project is scheduled to be completed by December 31, 2024. The federal share of the award is \$590,836 along with a cost share from Orphan Helpers for \$112,000.

Organization management has evaluated subsequent events through the report date, the date on which the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**NOTE 3 – LIQUIDITY AND AVAILABILITY:**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows, which identifies the sources and uses of the Organization’s cash and shows cash generated by operations for fiscal years ending June 30, 2022.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 431,793
Prepaid expenses	869
Grant receivable	18,000
Total financial assets	<u>450,662</u>
Contractual or donor-imposed restrictions:	
Staff Support	(12,968)
Success Academy	(4,512)
Success Coach	(29,608)
Guatemala Expansion	(2,290)
Work 4 Success	<u>(129,563)</u>
Total contractual or donor-imposed restrictions:	(178,941)
Board designations:	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 271,722</u>

Restricted cash totaled \$178,941 for the years ending June 30, 2022.

**NOTE 4 – SHORT-TERM DEBT:**

The Organization has several unsecured credit cards with varying rates of interest. The Organization had \$5,541 in outstanding credit card debt for the years ended June 30, 2022.

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions are restricted for the following purposes for the years ended June 30, 2022:

Subject to expenditure for specific purpose:	Contributions and			Ending Balance
	Beginning Balance	Other Income	Releases	
Staff Support	71,185	67,483	125,700	12,968
Success Academy	4,412	100	-	4,512
Success Coach	12,097	78,312	60,801	29,608
Vehicle Fund	5,000	-	5,000	-
Guatemala Expansion	-	62,330	60,040	2,290
Work 4 Success	-	187,221	57,657	129,563
Youth Sponsorship	-	3,075	3,075	-
Total	<u>92,694</u>	<u>398,520</u>	<u>312,274</u>	<u>178,941</u>

**NOTE 6 – OPERATING LEASES RIGHT-OF-USE:**

The Organization leases equipment and office space under two noncancelable operating lease that expires on various dates through 2025. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease terms. The two lease agreements require monthly combined payment(s) of \$963.80 per month until expiration. Discount rate on these leases were 2.00%.

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 10,706
2024	10,414
2025	10,962
Thereafter	-
Total	<u><u>\$ 32,082</u></u>

**NOTE 7 – FUNCTIONAL EXPENSES:**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy expenses such as rent, utilities, mortgage interest, depreciation, and amortization, which are allocated on a square footage basis. Other expenses such as salaries & wages, benefits, payroll taxes, and other are allocated on the basis of estimates of time and effort.

**NOTE 8 – UNCONDITIONAL PROMISE TO GIVE:**

On November 4, 2021, the Organization was notified in writing by receiving a Gift Agreement from a donor who unconditionally pledged a \$1,000,000 gift that is payable during the life or death of the donor, or partly during life and the balance paid upon death. For presentation purposes, the \$1,000,000 pledge was discounted at a rate of 1.380% for 11 years based upon actuarial data which resulted in an unconditional pledge amount of \$860,052. No payments have been received towards this pledge.