

*Financial Statements*  
*Year Ended*  
*June 30, 2015*



*Orphan Helpers, Inc.*

***Orphan Helpers, Inc.***

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## ***Independent Auditors' Report***

Board of Directors  
***Orphan Helpers, Inc.***

We have audited the accompanying financial statements of ***Orphan Helpers, Inc.*** (Organization) which comprises the statement of financial position as of June 30, 2015, and the related statements of activities and 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 from material misstatement.

An audit involves 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 Organization'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 Organization'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 ***Orphan Helpers, Inc.*** as of June 30, 2015, 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.

*Beth W. Moore, CPA, PLLC*

October 15, 2015

*Orphan Helpers, Inc.*

*Statement of Financial Position*

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**June 30, 2015**

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**Assets**

**Current assets**

Cash	\$ 99,859
Pledges receivable - net of allowance of \$890	<u>7,030</u>

<b>Total current assets</b>	106,889
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<b>Property and equipment - net</b>	<u>28,785</u>
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	<u>\$ 135,674</u>
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**Liabilities and Net Assets**

**Current liabilities**

Accounts payable and accrued expenses	<u>\$ 44,195</u>
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**Net assets**

Unrestricted	72,420
Temporarily restricted	<u>19,059</u>

<b>Total net assets</b>	<u>91,479</u>
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	<u>\$ 135,674</u>
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*The accompanying notes are an integral part of these financial statements.*

*Orphan Helpers, Inc.*

*Statement of Activities and Net Assets*

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**Year Ended June 30, 2015**

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**Unrestricted net assets**

Public support and revenue	
Public support	
Contributions	\$ 581,860
Net assets released from restriction	52,226
Total contributions	<u>634,086</u>
Revenue	
Special events revenue	230,943
Less - direct costs of special events	<u>(54,610)</u>
Special events - net	176,333
Miscellaneous income	110
Mission and vision trips	<u>15,645</u>
Total revenue	<u>192,088</u>
<b>Total public support and revenue</b>	<u>826,174</u>

**Expenses**

Program services	
Headquarters	290,253
Mission and vision trips	13,895
El Salvador	110,823
Honduras	<u>324,848</u>
Total program services	739,819
Supporting services	
Management and general	48,266
Fundraising	<u>104,387</u>
Total supporting services	152,653
<b>Total expenses</b>	<u>892,472</u>
<b>Change in unrestricted net assets</b>	<u>(66,298)</u>

**Temporarily restricted net assets**

Contributions	8,587
Net assets released from restriction	<u>(52,226)</u>
<b>Change in temporarily restricted net assets</b>	<u>(43,639)</u>

**Change in net assets** (109,937)

**Net assets - beginning of year** 201,416

**Net assets - end of year** \$ 91,479

*The accompanying notes are an integral part of these financial statements.*

*Orphan Helpers, Inc.*

*Statement of Functional Expenses*

**Year Ended June 30, 2015**

	Program Services				Total Program Services	Management and General	Fundraising	Total
	Headquarters	Mission and Vision Trips	El Salvador	Honduras				
Salaries	\$ 114,505	\$ -	\$ 50,435	\$ 164,939	\$ 329,879	\$ 41,170	\$ 70,144	\$ 441,193
Payroll taxes	9,725	-	8,584	13,708	32,017	3,496	5,957	41,470
<b>Total salaries and payroll taxes</b>	<b>124,230</b>	<b>-</b>	<b>59,019</b>	<b>178,647</b>	<b>361,896</b>	<b>44,666</b>	<b>76,101</b>	<b>482,663</b>
Accounting fees	23,700	-	1,331	1,200	26,231	-	-	26,231
Airfare	-	912	-	-	912	-	-	912
Bank service charges	1,357	-	-	-	1,357	-	-	1,357
Bad debts	(6,663)	-	-	-	(6,663)	-	-	(6,663)
Conferences and meetings	524	-	-	-	524	-	-	524
Construction materials	-	-	4,560	-	4,560	-	-	4,560
Credit card fees	4,073	-	-	-	4,073	-	-	4,073
Direct mailings	323	-	-	-	323	-	6,774	7,097
Education and curricula	1,067	-	-	4,576	5,643	-	57	5,700
Employee benefits	27,539	-	698	6,443	34,680	179	-	34,859
Equipment rental	3,191	-	-	-	3,191	386	193	3,770
Foster care	-	-	-	10,655	10,655	-	-	10,655
Information technology	27,306	-	7,598	2,832	37,736	158	3,049	40,943
Insurance	9,216	112	2,133	2,507	13,968	-	5,971	19,939
Interest	790	-	-	-	790	-	-	790
Late fees	217	-	-	-	217	-	-	217
Legal fees	2,780	-	-	1,775	4,555	-	-	4,555
Licenses	2,178	-	-	-	2,178	-	-	2,178
Meals	2,291	4,103	-	632	7,026	89	216	7,331
Medical expenses	-	(275)	-	27,890	27,615	-	-	27,615
Meeting expenses	267	-	900	2,207	3,374	-	-	3,374
Miscellaneous	1,233	1,097	3,575	2,228	8,133	719	94	8,946
Subtotal	\$ 225,619	\$ 5,949	\$ 79,814	\$ 241,592	\$ 552,974	\$ 46,197	\$ 92,455	\$ 691,626

*The accompanying notes are an integral part of these financial statements.*

*Orphan Helpers, Inc.*

*Statement of Functional Expenses (cont.)*

**Year Ended June 30, 2015**

	Program Services				Total Program Services	Management and General	Fundraising	Total
	Headquarters	Mission and Vision Trips	El Salvador	Honduras				
Subtotal	\$ 225,619	\$ 5,949	\$ 79,814	\$ 241,592	\$ 552,974	\$ 46,197	\$ 92,455	\$ 691,626
Occupancy	8,775	-	-	-	8,775	150	75	9,000
Office supplies	1,435	-	1,100	1,805	4,340	350	188	4,878
Other program expense	-	-	-	63	63	-	-	63
Penalties	67	-	-	-	67	-	-	67
Postage	1,854	-	-	-	1,854	193	990	3,037
Printing and reproduction	3,740	-	-	-	3,740	385	1,514	5,639
Professional fees	11,500	-	-	-	11,500	360	975	12,835
Program materials	-	-	6,000	6,195	12,195	-	-	12,195
Rent	-	-	4,800	12,941	17,741	-	-	17,741
Security	240	127	-	-	367	-	-	367
Supplies	1,450	927	1,559	4,666	8,602	-	395	8,997
Taxes - other	-	-	990	1,759	2,749	-	-	2,749
Telephone and utilities	8,394	-	3,202	10,489	22,085	631	599	23,315
Translators	-	270	-	-	270	-	-	270
Transportation	-	-	600	21,901	22,501	-	-	22,501
Travel	25,897	6,422	160	520	32,999	-	6,747	39,746
Tree of life ministries	-	-	-	13,750	13,750	-	-	13,750
Vehicles	1,282	200	7,742	4,311	13,535	-	449	13,984
<b>Total functional expenses before depreciation</b>	<b>290,253</b>	<b>13,895</b>	<b>105,967</b>	<b>319,992</b>	<b>730,107</b>	<b>48,266</b>	<b>104,387</b>	<b>882,760</b>
Depreciation	-	-	4,856	4,856	9,712	-	-	9,712
<b>Total functional expenses</b>	<b>\$ 290,253</b>	<b>\$ 13,895</b>	<b>\$ 110,823</b>	<b>\$ 324,848</b>	<b>\$ 739,819</b>	<b>\$ 48,266</b>	<b>\$ 104,387</b>	<b>\$ 892,472</b>

*Orphan Helpers, Inc.*

*Statement of Cash Flows*

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**Year Ended June 30, 2015**

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**Cash flows from operating activities**

Change in net assets	\$ (109,937)
Adjustments to reconcile to net cash from operating activities:	
Bad debts	(6,663)
Depreciation	9,712
Change in:	
Pledges receivable	10,718
Prepaid expenses	103
Accounts payable and accrued expenses	<u>(22,170)</u>

**Net change in cash** (118,237)

**Cash - beginning of year** 218,096

**Cash - end of year** \$ 99,859

**Supplemental disclosure of cash flow information**

Cash paid for interest	\$ 790
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*The accompanying notes are an integral part of these financial statements.*



# *Orphan Helpers, Inc.*

## *Notes to Financial Statements*

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**June 30, 2015**

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### **1. Organization and Nature of Activities**

*Orphan Helpers, Inc.* (Organization) is a publicly supported nonprofit corporation that assists orphaned, abused, and incarcerated children 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 model 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 to other Central and South American regions using the models and programs currently being developed and deployed in El Salvador and Honduras.

### **2. Summary of Significant Accounting Policies**

#### **Basis of Accounting**

The 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.

#### **Financial Statement Presentation**

The Organization reports information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The classes of net assets are described as follows:

- **Unrestricted** amounts are those currently available, at the discretion of the Board of Directors, for use in the Organization's operations.
- **Temporarily restricted** amounts are those that are stipulated by donors for specific purposes. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and net assets as net assets released from restriction.
- **Permanently restricted** amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. At June 30, 2015, the Organization had no permanently restricted net assets.

#### **Cash and Cash Equivalents**

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

## **Credit Risk**

Financial instruments that subject the Organization to concentrations of credit risk consist principally 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, the legal limit. At June 30, 2015, the Organization's cash balances did not exceed FDIC coverage.

## **Pledges Receivable and Allowance for Doubtful Pledges**

Pledges receivable are recognized by the Organization when a donor makes a promise to give that is in substance, unconditional. Unconditional promises to give that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Unconditional promises to give due beyond twelve months of the date of the statement of financial position are reflected as long-term promises to give and are recorded at their present net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are to be received. Management has established an allowance for doubtful pledges receivable at June 30, 2015, of \$890. This allowance is based on management's estimate of the future collectibility of these pledges. Management has determined that the remaining pledges receivable are fully collectible.

## **Property and Equipment**

Property and equipment are stated at cost. Donated property is recorded at fair market value at date of receipt. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. The costs of assets sold, retired, or otherwise disposed of, and the related accumulated depreciation is eliminated from the accounts and any resulting gain or loss is included in miscellaneous income (expense). Depreciation is calculated using the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Equipment	5 - 7
Vehicles	5

## **Functional Expenses**

The Organization allocates its expenses, on a functional basis, among its various programs and supporting services. Expenses that relate to a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated statistically.

## **Income Taxes**

The Organization has been recognized by the Internal Revenue Service as a qualified charitable organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. The Organization has determined that it does not have any material unrecognized income tax benefits or obligations as of June 30, 2015. Fiscal years ending on or after June 30, 2012, remain subject to examination by federal and state tax authorities.

## **Volunteer Services and In-Kind Contributions**

The Organization recognizes in-kind contributions as revenues and expenses in the period in which they are received. Donated materials are valued by the donor at fair market value on the date of the gift. No amounts have been reflected in the accompanying financial statements for volunteer services since they are not susceptible to objective measurement or valuation and have not met the following criteria:

- The services rendered either create or enhance nonfinancial assets.
- The services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. Services from 2,932 volunteer hours have not been recognized in the statement of activities and net assets because the criteria for recognition under accounting principles generally accepted in the United States of America have not been satisfied.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

## **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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

## **Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 15, 2015, the date the financial statements were available to be issued.

### **3. Pledges Receivable**

Pledges receivable at June 30, 2015 consist of the following:

Receivables due in less than one year	\$	7,920
Less - allowance for uncollectible pledges		(890)
	<u>\$</u>	<u>7,030</u>

#### 4. Property and Equipment

Property and equipment at June 30, 2015 consist of the following:

Equipment	\$	22,461
Vehicles		81,705
		<hr/>
		104,166
Less - accumulated depreciation		(75,381)
		<hr/>
	\$	28,785

Depreciation expense was \$9,712 for 2015.

#### 5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2015 consist of the following:

Accounts payable and accrued expenses	\$	14,838
Payroll taxes		3,927
Credit card liabilities		25,430
		<hr/>
	\$	44,195

#### 6. Temporarily Restricted Net Assets

Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that temporarily limit the use of the donated assets. When a donor restriction is satisfied, by either passage of time or action, temporarily restricted net assets are reclassified to unrestricted net assets. When restrictions are met in the same fiscal year the restricted support is received, the gift is classified as unrestricted support. The Organization had \$19,059 in temporarily restricted net assets at June 30, 2015 as follows:

Library fund	\$	4,663
Central American Staff Medical fund		7,933
Children's Dental fund		1,000
Staff Support fund		5,463
		<hr/>
	\$	19,059

**7. Operating Lease**

The Organization leases office equipment under a non-cancelable operating lease requiring monthly payments of \$130 through September 2018. Lease expense for 2015 was \$1,560.

Future minimum payments required under this lease are as follows:

2016	\$	1,560
2017		1,560
2018		1,560
2019		390
		<hr/>
	\$	5,070

The Organization leases office space on a month-to-month basis. Rent expense was \$9,000 for 2015.

**8. Management's Plans**

In an effort to improve operating results, management and the Board of Directors have developed a strategic plan. The plan includes diversifying and expanding the Organization's donor base to include additional churches and individual donors. Presentation materials have been developed and include information about areas of greatest need. Management and the Board of Directors have begun implementing the strategic plan.

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