



**HELPERS COMMUNITY, INC.**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Helpers Community, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Helpers Community, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2018, and the related Statements of Activities, 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 auditor's 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 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 Helpers Community, Inc. as of December 31, 2018, 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

*Harrington Group*

Oakland, California  
September 25, 2019

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# HELPERS COMMUNITY, INC.

## STATEMENT OF FINANCIAL POSITION

December 31, 2018

### ASSETS

Cash	\$ 218,847
Prepaid expenses	12,568
Investments (Note 4)	5,509,620
Property and equipment (Note 5)	<u>419,521</u>

<b>TOTAL ASSETS</b>	<b>\$ 6,160,556</b>
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### LIABILITIES AND NET ASSETS

#### LIABILITIES

Accounts payable	\$ 11,641
Accrued liabilities	<u>1,215</u>

<b>TOTAL LIABILITIES</b>	<b><u>12,856</u></b>
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#### NET ASSETS

Without donor restrictions	<u>6,147,700</u>
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<b>TOTAL NET ASSETS</b>	<b><u>6,147,700</u></b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,160,556</b>
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The accompanying notes are an integral part of these financial statements.

# HELPERS COMMUNITY, INC.

## STATEMENT OF ACTIVITIES For the year ended December 31, 2018

### REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS

Gain on sale of property	\$ 1,332,054
Income from sales inclusive of store operations net of, cost of goods sold of \$2,957	181,478
Interest and dividends, net of investment fees of \$13,348	135,323
In-kind contributions	46,677
Donations	35,024
Other revenue	27,362
Gain on investments	(552,201)
Special events	-

<b>TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS</b>	<b>1,205,717</b>
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### EXPENSES

Program services	561,303
General and administrative	349,522
Fundraising	38,269

<b>TOTAL EXPENSES</b>	<b>949,094</b>
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<b>CHANGE IN NET ASSETS</b>	<b>256,623</b>
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<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>5,918,263</b>
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<b>PRIOR PERIOD ADJUSTMENT (Note 7)</b>	<b>(27,186)</b>
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<b>NET ASSETS, BEGINNING OF YEAR AS RESTATED</b>	<b>5,891,077</b>
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<b>NET ASSETS, END OF YEAR</b>	<b>\$ 6,147,700</b>
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The accompanying notes are an integral part of these financial statements.

# HELPERS COMMUNITY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2018

	Outreach Advocacy Education	General and Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 19,009	\$ 101,119	\$ -	\$ 120,128
Payroll taxes	1,474	2,893		4,367
Employee benefit programs		834		834
Total personnel costs	20,483	104,846	-	125,329
Professional fees	66,036	168,837	35,915	270,788
Donations and grants	260,800			260,800
Repairs and maintenance	146,519	35,333	210	182,062
Occupancy	16,968	29,807		46,775
Donated space	44,743			44,743
Telephone	2,997	799	91	3,887
Depreciation	638	3,243		3,881
Insurance		3,146		3,146
Supplies	732	1,497	126	2,355
Technology	15	1,459	501	1,975
Postage and delivery			1,117	1,117
Bank charges	369	341	272	982
Miscellaneous	671			671
Travel	268	214	32	514
Printing	64			64
Public relations			5	5
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 561,303</b>	<b>\$ 349,522</b>	<b>\$ 38,269</b>	<b>\$ 949,094</b>

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

# HELPERS COMMUNITY, INC.

## STATEMENT OF CASH FLOWS For the year ended December 31, 2018

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 256,623
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Depreciation	3,881
Loss on investments	552,201
Reinvested interests and dividends	(135,323)
(Gain) on sale of property	(1,332,054)
(Increase) decrease in operating assets:	
Prepaid expenses	(12,568)
Increase (decrease) in operating liabilities:	
Accounts payable	(16,055)
Accrued liabilities	(3,203)

**NET CASH (USED) BY OPERATING ACTIVITIES** (686,498)

### CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	833,219
Purchase of investments	(1,569,692)
Proceeds from sale of property	1,400,000
Purchase of property and equipment	(335,756)

**NET CASH PROVIDED BY INVESTING ACTIVITIES** 327,771

**NET (DECREASE) IN CASH** (358,727)

**CASH, BEGINNING OF YEAR** 577,574

**CASH, END OF YEAR** \$ 218,847

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

# HELPERS COMMUNITY, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. **Organization**

Helpers Community, Inc., formerly Helpers of the Mentally Retarded, is a California not-for-profit public benefit corporation that is dedicated to supporting individuals with developmental disabilities and the organizations that serve them in the greater SF Bay Area. Revenue for this support comes from sales of donated clothing, jewelry, and household goods, as well as some purchased goods to supplement, as well as financial donations from individuals and estates.

In 2018, Helpers Community, Inc. donated over \$260,000 to organizations that serve individuals with developmental disabilities.

Helpers Community, Inc. also has a retail store, Helpers Artisan Boutique, newly located at 1947 Union Street as of April 2019. All purchases have supported individuals with developmental disabilities. The store is 100% staffed by individuals with developmental disabilities training for careers in retail in partnership with their support organizations. In addition to donated items, the store features art and beautiful handmade items created by artisans with developmental disabilities in the greater SF Bay Area.

Helpers Community, Inc. has also operated a House of Couture, located in one of its properties, where it sold donated jewelry and clothing. House of Couture is now closed and the last of the inventory is now being sold to individuals and brokers, with all proceeds going to grants and organizations that serve individuals with developmental disabilities in California.

In 2017, Helpers Community, Inc. began renovating two of its homes to create a Group Home for individuals with developmental disabilities who need some support to live in the community. Helpers Board of Directors invested over \$400,000 in beautiful renovations to prepare the homes for service. One home was fully operational and occupied by adults with developmental disabilities by the end of 2018, and the second home was operational as of early 2019.

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

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

continued



# HELPERS COMMUNITY, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### 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:

**Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**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.

#### Cash and Cash Equivalents

Helpers Community, Inc. has defined cash and cash equivalents as cash in banks and all short-term debt securities purchased with a maturity of three months or less.

#### Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repairs are charged to expense. Renewals and betterments which substantially extend the useful life of property and equipment are capitalized.

Depreciation of property and equipment is recorded on a straight-line basis over the estimated useful lives of the assets. Buildings and improvements are depreciated over a 10 to 20 year period and furniture and equipment over 5 and 7 year periods.

#### Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Helpers Community, Inc. is required to measure certain investments at fair value. The specific techniques used to measure fair value for the financial statement elements is described in the notes below that relates to the element.

continued

# HELPERS COMMUNITY, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **Concentration of Credit Risks**

Helpers Community, Inc. places its cash accounts with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Helpers Community, Inc. has not incurred losses related to these investments.

Helpers Community, Inc. holds investments in the form of equities and mutual funds. The Board of Directors routinely review the market values of such investments.

#### **Income Taxes**

Helpers Community, Inc. is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Management has considered its tax positions and believes that all of the positions taken by Helpers Community, Inc. in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Helpers Community, Inc.'s returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

#### **Functional Allocation of Expenses**

Helpers Community, Inc. allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using appropriate methods.

#### **Use of Estimates**

The preparation of financial statements on the modified cash basis of accounting requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

#### **Subsequent Events**

Management has evaluated subsequent events through September 25, 2019, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

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# HELPERS COMMUNITY, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. Helpers Community, Inc.'s financial statements for year-ended December 31, 2018 are presented in accordance with ASU 2016-14.

### 3. Liquidity and Availability of Resources

Helpers Community, Inc. 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. Helpers Community, Inc. has various sources of liquidity at its disposal, including cash and cash equivalents, various receivables, and investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Helpers Community, Inc. considers all expenditures related to its ongoing activities of providing program related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Helpers Community, Inc. strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects Helpers Community, Inc.'s financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date.

Cash and cash equivalents	\$ 74,421
Investments	<u>5,654,046</u>
Total financial assets at year-end	<u>\$5,728,467</u>

continued

# HELPERS COMMUNITY, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 3. Liquidity and Availability of Resources, continued

Financial assets available to meet expenditures over the next 12 months.

Total financial assets	\$5,728,467
Less current liabilities	<u>(12,856)</u>
Assets available to meet expenditures in next 12 months	<u>\$5,715,611</u>

In addition to financial assets available to meet general expenditures over the next 12 months, Helpers Community, Inc. operates with a balanced budget and anticipates collecting sufficient program revenue to cover general expenditures not covered by grants or donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of Helpers Community, Inc.'s cash and shows positive cash generated by operations for fiscal year 2018.

### 4. Investments

Investments at December 31, 2018 consist of the following:

Equities	\$3,308,251
Mutual funds	<u>2,201,369</u>
	<u>\$5,509,620</u>

Investment income for the year ended December 31, 2018 are as follows:

Loss on investments	\$(552,201)
Interest and dividends	<u>135,323</u>
	<u>\$(416,878)</u>

### 5. Property and Equipment

Property and equipment at December 31, 2018 consist of the following:

Land and building	\$ 576,593
Construction in progress	257,520
Furniture and fixtures	<u>15,272</u>
	849,385
Less: accumulated depreciation	<u>(429,864)</u>
	<u>\$ 419,521</u>

Depreciation expense during the year ended December 31, 2018 was \$3,881.

continued

## HELPERS COMMUNITY, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 6. Fair Value Measurements

The table below presents the balances of assets measured at fair value on a recurring basis during the year ended December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
World large stock	\$3,143,389	\$ -	\$ -	\$3,143,389
Real estate	101,551			101,551
Global real estate	<u>63,311</u>	<u>          </u>	<u>          </u>	<u>63,311</u>
Total equities	<u>3,308,251</u>	<u>          </u>	<u>          </u>	<u>3,308,251</u>
Mutual funds				
Intermediate core bond	<u>          </u>	<u>2,201,369</u>	<u>          </u>	<u>2,201,369</u>
Total mutual funds	<u>          </u>	<u>2,201,369</u>	<u>          </u>	<u>2,201,369</u>
Fair value at				
December 31, 2018	<u>\$3,308,251</u>	<u>\$2,201,369</u>	<u>\$ -</u>	<u>\$5,509,620</u>

The fair values of equities and mutual funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table below shows transactions measured at fair value on a non-recurring basis during the year ended December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated space	<u>\$ -</u>	<u>\$46,677</u>	<u>\$ -</u>	<u>\$46,677</u>

The fair value of donated space has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

#### 7. Prior Period Adjustment

Net assets as of December 31, 2017 have been restated in the amount of \$27,186 to convert from the modified cash basis of accounting to accrual basis of accounting. Had Helpers Community, Inc. been on the accrual basis of accounting, accounts payable would have increased by \$27,186 and net assets would have decreased by \$27,186 as of December 31, 2017. Change in net assets would have decreased by \$27,186 for the year ended December 31, 2017.

continued

## HELPERS COMMUNITY, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 7. Prior Period Adjustment, continued

The comparative totals for December 31, 2017 presented in the financial statements have been restated to reflect the correct balances as follows:

	<b>As Previously Reported</b>	<b>Adjustment</b>	<b>As Restated</b>
<u>Statement of Financial Position</u>			
Accounts payable	\$ 510	\$ 27,186	\$ 27,696
Net assets	\$ 5,918,263	\$ (27,186)	\$ 5,891,077
 <u>Statement of Activities</u>			
Change in net assets	\$ (665,427)	\$ (27,186)	\$ (692,613)