

Audited Financial Statements

Helpers Community, Inc.

For The Years Ended December 31, 2021 and 2020

HELPERS COMMUNITY, INC.

Table of Contents

Independent Auditor's Report on the Financial Statements	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements.....	6

Independent Auditor's Report

To the Board of Directors
Helpers Community, Inc.
San Francisco, California

Opinion

We have audited the accompanying statements of financial position of Helpers Community, Inc. (The Organization and "HCI") as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets and cash flows for the years then ended.

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, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 consolidated 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 Responsibility

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 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.

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.

CAW, LLP

Fresno, California
December 8, 2022

HELPERS COMMUNITY, INC.

Statements of Financial Position

December 31,

Assets	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 36,092	\$ 82,842
Investments	8,651,077	8,758,645
Prepaid expenses, other assets and supplies	<u>33,053</u>	<u>28,447</u>
Total current assets	8,720,222	8,869,934
Property and equipment, net	<u>244,143</u>	<u>235,529</u>
Total assets	<u>\$ 8,964,365</u>	<u>\$ 9,105,463</u>
Liabilities and net assets		
Accounts payable and accrued expenses	25,552	32,564
Accrued payroll and other related liabilities	<u>5,567</u>	<u>4,833</u>
Total liabilities	31,119	37,397
Net assets		
Unrestricted	<u>8,933,246</u>	<u>9,068,066</u>
Total net assets	<u>8,933,246</u>	<u>9,068,066</u>
Total liabilities and net assets	<u>\$ 8,964,365</u>	<u>\$ 9,105,463</u>

See accompanying notes to the financial statements.

HELPERS COMMUNITY, INC.

Statements of Operations and Changes in Net Assets

For the Year Ended December 31,

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions		
Revenue and other support		
Income from sales, including store operations, net	18,907	3,978
Contributions, donations and other revenues	72,317	207,108
Interest, investment and dividend income	143,985	134,288
Gain on sale of real property	-	2,400,490
Total unrestricted revenue and other support	<u>235,209</u>	<u>2,745,864</u>
Expenses		
Program services	629,917	580,219
General and administrative	73,946	256,281
Fundraising	14,613	17,511
Total expenses	<u>718,476</u>	<u>854,011</u>
Excess of revenues over expenses	(483,267)	1,891,853
Unrealized (gains)/losses	348,447	451,251
Total change in net assets	(134,820)	2,343,104
Net assets		
Beginning of year	9,068,066	6,724,962
End of year	<u>8,933,246</u>	<u>9,068,066</u>

See accompanying notes to the financial statements.

HELPERS COMMUNITY, INC.

Statements of Cash Flows

For the Year Ended December 31,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets without donor restrictions	(134,820)	2,343,104
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	20,644	19,669
Changes in operating assets and liabilities		
Change in grants and other receivables	-	(755)
Change in prepaid expenses and other	(5,362)	5,210
Change in accounts payable and accrued expenses	(7,012)	(16,902)
Change in accrued payroll and other related liabilities	734	(1,861)
Net cash provided by financing activities	(125,816)	2,348,465
Cash flows from investing activities		
Net change in property, building, and equipment	(29,258)	174,673
Change in investments	108,324	(2,446,947)
Net cash used in investing activities	79,066	(2,272,274)
Net increase (decrease) in cash and cash equivalents	(46,750)	76,191
Cash and cash equivalents, beginning of year	82,842	6,651
Cash and cash equivalents, end of year	<u>36,092</u>	<u>82,842</u>

See accompanying notes to the financial statements.

HELPERS COMMUNITY, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies

Helpers Community, Inc. (HCI and the Organization), 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.

In 2021 and 2020, Helpers Community, Inc. donated over \$370,000 each year 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 2021. 100% of all products sold at Helpers Artisan Boutique are made by, designed by individuals with developmental disabilities. We also purchase products from organizations who employ and support our mission of enriching the lives of 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.

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 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 2020.

Basis of Presentation – The financial statements are presented on the basis of net assets with donor restrictions and net assets without restrictions pursuant to FASB ASC 958, Not-for-Profit Entities.

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recognized when incurred.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, HCI considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fixed Assets – Fixed assets with an estimated useful life in excess of three years are capitalized at cost; donated assets are capitalized at the fair market value at date of receipt. Depreciation is computed using the straight-line method with estimated useful lives varying between three and forty years. HCI capitalizes fixed assets in excess of \$2,500.

Comparative Data - Certain prior year amounts have been reclassified to conform to current year financial statement presentation.

Subsequent Events – Subsequent events have been evaluated through, December 8, 2022, the date the financial statements were available to be issued.

HELPERS COMMUNITY, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions – HCI reports contributions as restricted support if the support is received with donor stipulations that limit the use of the 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 in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, HCI reports the support as unrestricted. Donated assets are recorded at their estimated fair market values at the date of receipt.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 2 – Property and equipment

Fixed assets at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Land and buildings	\$ 674,232	\$ 674,232
Furniture and equipment	51,899	22,641
Accumulated depreciation	<u>(485,000)</u>	<u>(461,344)</u>
Total property and equipment	<u>\$ 241,131</u>	<u>\$ 235,529</u>

Depreciation expense was \$20,644 and \$19,669 for the years ended December 31, 2021 and 2020, respectively.

Note 3 – Investments

Portfolio of investments are in accordance with board reviewed and approved policies and at December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Mutual funds and ETF	\$3,371,112	\$3,342,579
Fixed Income	<u>5,279,965</u>	<u>5,416,066</u>
	<u>\$8,651,077</u>	<u>\$8,758,645</u>

HELPERS COMMUNITY, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 3 – Investments (continued)

The following schedule summarizes investment return and its classification in the statements of activities for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 178,227	\$ 155,556
Net unrealized gain/(loss) on investments	<u>348,447</u>	<u>451,251</u>
Total	<u><u>526,674</u></u>	<u><u>606,807</u></u>

Investment management fees totaled \$34,242 and \$21,351 for the year ended December 31, 2021 and 2020.

Note 4 – Commitments and Contingencies

Laws and regulations governing welfare and institution programs are complex and subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. In the ordinary course of conducting its business, HCI may be subjected to loss contingencies arising from general business matters or lawsuits. While there are none known or unknown at December 31, 2021, management believes that the outcome of such matters, if any, will not have a material impact on HCI's financial position or results of future operations.

The current protracted economic decline continues to present not for profit entities with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair values of investments and other assets, constraints on liquidity and difficulty obtaining financing. Further, the effect of economic conditions on the State of California may have an adverse effect on cash flows related to program services.

Note 5 – Income Taxes

HCI is a not-for-profit organization, exempt from federal income tax under Section 501 (c)(3) of the U.S. Internal Revenue Code (the Code), and contributions to it are tax deductible as described by the Code. HCI has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated as a "publicly supported" organization under Section 170(b)(1)(A)(vi) of the Code.

The preparation of financial statements in accordance with U.S. GAAP requires HCI to report information regarding its exposure to various tax positions taken by HCI. HCI has determined whether any tax positions have met the recognition threshold and have measured any exposure to those tax positions. Management believes that HCI has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to HCI are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements. Typically three preceding years remain open and subject to examination by the appropriate government agencies in the United States and California.

HELPERS COMMUNITY, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 6 – Fair Value of Financial Instruments

ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value, of which the first two are considered observable and the last unobservable as:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In accordance with ASC 820, the following table represents HCI's fair value hierarchy for its financial assets measured at fair value on a recurring basis at December 31, 2021 and 2020:

	2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds and ETF	3,371,112			3,371,112
Fixed income	-	5,279,965	-	5,279,965
Total	<u>\$3,371,112</u>	<u>\$ 5,279,965</u>	<u>\$ -</u>	<u>\$8,651,077</u>

	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds and ETF	3,342,579			3,342,579
Fixed income	-	5,416,066	-	5,416,066
Total	<u>\$3,342,579</u>	<u>\$ 5,416,066</u>	<u>\$ -</u>	<u>\$8,758,645</u>

HELPERS COMMUNITY, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 7: Information Regarding Liquidity and Availability of Resources

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. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, and investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization 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.

The Organization strives to maintain liquid financial assets sufficient to cover 60 days of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2021, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 36,092	\$ 82,842
Investments	8,651,077	8,758,645
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,687,169</u>	<u>\$ 8,841,487</u>

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 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 the Organization's cash and shows positive cash generated by operations for fiscal year 2020.

HELPERS COMMUNITY, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 8 – Functional Expenses

The Organization provides program services primarily to residents within its geographic area. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, insurance, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Expenses for the year ended December 31, 2021 and 2020 include:

2021

	<u>Program services</u>	<u>G&A</u>	<u>Development</u>	<u>Total</u>
Salaries and benefits	\$ 114,763	\$24,884	\$11,039	\$ 150,686
Occupancy	77,460	2,239		79,699
Program costs	369,595			369,595
Professional services	11,543	46,175		57,718
Office and other expenses	36,486	648	3,000	40,134
Depreciation	20,070		574	20,644
Total expenses	<u>\$ 629,917</u>	<u>\$73,946</u>	<u>\$14,613</u>	<u>\$ 718,476</u>

2020

	<u>Program services</u>	<u>G&A</u>	<u>Development</u>	<u>Total</u>
Salaries and benefits	\$ 71,983	\$ 9,639	\$ 3,961	\$ 85,583
Occupancy	25,227	925	-	26,152
Program costs	374,007	-	-	374,007
Professional services	6,008	34,728	32	40,768
Office and other expenses	73,597	209,640	12,331	295,568
Insurance	10,302	1,349	613	12,264
In-kind expenses		-	-	-
Depreciation	19,095	-	574	19,669
Total expenses	<u>\$ 580,219</u>	<u>\$ 256,281</u>	<u>\$17,511</u>	<u>\$ 854,011</u>