

**HELPS INTERNATIONAL, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

HELPS INTERNATIONAL, INC.  
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YEAR ENDED DECEMBER 31, 2017

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Helps International, Inc.  
Addison, Texas

We have audited the accompanying financial statements of Helps International, Inc., which comprise the statement of financial position as of December 31, 2017, 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 did not audit the financial statements of the Guatemala division, which statements reflect total assets of \$969,003 as of December 31, 2017, and total revenues of \$3,097,015 for the year then ended. Those statements which were prepared in accordance with the Income Tax Law of Guatemala were audited by other auditors in accordance with International Standards on Auditing, whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Guatemala division, is based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by, the other auditors. We have applied audit procedures related to any conversion adjustments to the financial statements of the Guatemala division which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for the Guatemala division, prior to any conversion adjustments, is based solely on the report of the other auditors. 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.


Board of Directors  
Helps International, Inc.

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 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Helps International, Inc. as of December 31, 2017, 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.



**CliftonLarsonAllen LLP**

Dallas, Texas  
October 9, 2018

**HELPS INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,618,936
Accounts Receivable, Net of Allowance of \$68,554	67,336
Inventory	56,393
Prepaid Expenses and Other Assets	73,213
Total Current Assets	<u>2,815,878</u>

**NONCURRENT ASSETS**

Property and Equipment, Net	<u>130,847</u>
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Total Assets	<u><u>\$ 2,946,725</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 69,191
Accrued Expenses	485,931
Total Liabilities	<u>555,122</u>

**NET ASSETS**

Unrestricted	1,071,467
Temporarily Restricted	1,320,136
Total Net Assets	<u>2,391,603</u>

Total Liabilities and Net Assets	<u><u>\$ 2,946,725</u></u>
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*See accompanying Notes to Financial Statements.*

**HELPS INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND OTHER REVENUE</b>			
Contributions	\$ 2,117,346	\$ 1,026,409	\$ 3,143,755
Contributed Medical and Other Services	16,368,662	-	16,368,662
Equipment Sales	750,391	-	750,391
Other Income	7,059	-	7,059
Total Public Support and Other Revenue	19,243,458	1,026,409	20,269,867
 <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	 1,466,813	 (1,466,813)	 -
Total Revenue	20,710,271	(440,404)	20,269,867
 <b>EXPENSES</b>			
Program	19,507,405	-	19,507,405
General and Administrative	969,112	-	969,112
Fundraising	247,328	-	247,328
Total Expenses	20,723,845	-	20,723,845
 <b>CHANGE IN NET ASSETS</b>	 (13,574)	 (440,404)	 (453,978)
Net Assets - Beginning of Year	1,085,041	1,760,540	2,845,581
 <b>NET ASSETS - END OF YEAR</b>	 \$ 1,071,467	 \$ 1,320,136	 \$ 2,391,603

See accompanying Notes to Financial Statements.

**HELPS INTERNATIONAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Agricultural Expense	\$ 138,431	\$ -	\$ -	\$ 138,431
Bank Fees	2,510	47,205	68	49,783
Cost of Goods Sold	557,308	3,529	10,193	571,030
Depreciation Expense	38,675	2,484	-	41,159
Donation Expense	51,147	44,718	95,430	191,295
Educational	32,544	-	-	32,544
In-Kind Donations	16,368,662	-	-	16,368,662
Internet Expense	24,358	10,418	1,311	36,087
Medical Team Supplies	134,818	-	5,399	140,217
Other Expenses	143,337	43,729	5,110	192,176
Payroll Expense	725,097	417,804	45,886	1,188,787
Postage and Shipping	100,958	6,950	4,823	112,731
Professional Fees	26,214	235,665	9,477	271,356
Rent	78,448	22,213	1,060	101,721
Repairs and Maintenance	35,026	2,089	-	37,115
Sales Tax	47,195	2,107	310	49,612
Supplies	7,003	4,111	179	11,293
Travel	923,574	112,722	66,581	1,102,877
Provision for (Recovery of) Uncollectable Accounts	3,207	(4,219)	28	(984)
Vehicle Expense	68,893	17,587	1,473	87,953
<b>Total Expenses</b>	<b><u>\$ 19,507,405</u></b>	<b><u>\$ 969,112</u></b>	<b><u>\$ 247,328</u></b>	<b><u>\$ 20,723,845</u></b>

See accompanying Notes to Financial Statements.

**HELPS INTERNATIONAL, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ (453,978)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	41,159
Gain on Disposal of Fixed Assets	(2,796)
Provision for (Recovery of) Uncollectable Accounts	(984)
Changes in Assets:	
Accounts Receivable	27,692
Grants Receivable	400,000
Inventory	46,004
Prepaid Expenses and Other Assets	28,972
Changes in Liabilities:	
Accounts Payable	(23,920)
Accrued Expenses	(48,066)
Net Cash Provided by Operating Activities	<u>14,083</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Property and Equipment	<u>(98,941)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(84,858)
Cash and Cash Equivalents - Beginning of Year	<u>2,703,794</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 2,618,936</u></u>

*See accompanying Notes to Financial Statements.*



**HELPS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Helps International, Inc. (the Organization) is a Texas nonprofit organization. The Organization began operations and was incorporated in the state of Texas in December 1983. The Organization provides relief and development support to the indigenous populations of Guatemala. The relief and development support includes volunteer medical teams operating clinics and hospitals for one week at a time; year-round health promotion in some villages; volunteer construction teams improving homes, schools, and various infrastructures; and planning, support, and direction of an elementary education and scholarship program.

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Consequently, revenue is recognized when earned and expenses when obligations are incurred.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The financial statements include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

**Income Tax Status**

The Organization is exempt from the payment of federal income taxes on its related activities under section 501(c)(3) of the Internal Revenue Code (IRC) and has been designated by the Internal Revenue Service (IRS) as a "publicly supported" organization under Section 509(a) of the IRC.

The Organization follows the guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The Organization has no current obligation for unrelated business income tax. The Organization files as a tax-exempt organization.

**Foreign Currency Translation**

For the foreign locations whose functional currency is the local foreign currency, statement of financial position accounts are translated at exchange rates in effect at the end of the year and statement of activities accounts are translated at average exchange rates for the year ended December 31, 2017. Translation income in the amount of \$7,946 as of December 31, 2017 is included in Other Income.

HELPS INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Financial Statement Presentation**

The Organization reports its net assets as unrestricted, temporarily restricted, or permanently restricted based on the donor's intent. The purposes of each class of net assets are as follows:

Unrestricted – Represents net assets available for general operations.

Temporarily Restricted – Includes amounts with specific donor imposed purpose and/or time restrictions.

Permanently Restricted – Includes amounts received from donors which must be held in perpetuity.

As of December 31, 2017, the Organization had no permanently restricted assets.

**Cash and Cash Equivalents**

For financial statement purposes, the Organization considers cash and cash equivalents to include cash in banks and liquid investments with an original maturity of three months or less.

**Accounts Receivable**

The Organization uses the allowance method to account for uncollectible accounts receivable. The allowance is sufficient to cover both current and anticipated future losses. Uncollectible amounts are charged against the allowance account. Management estimated the allowance based upon prior experience with customers and analysis of individual trade accounts at December 31, 2017.

**Inventory**

Inventory is carried at the lower of cost or net realizable value. Cost is determined by the weighted-average method. Inventory consists of raw materials related to stoves and is stored in Guatemala.

**Property and Equipment**

Acquisitions of property and equipment are capitalized and depreciated on a straight-line basis over the estimated useful lives of the related assets (three to seven years). Property and equipment is valued at cost if purchased, or fair value if contributed. The Organization's policy is to capitalize all property and equipment purchases in excess of \$500.

**Allocation of Expenses**

The Organization's expenses have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**HELPS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Equipment Sales**

The Organization recognizes sales revenue for products shipped to customers, which consist primarily of low cost high efficiency stoves that enhance safety and wellness to the indigenous populations that the Organization serves.

**Contributions**

All contributions are considered available for the general programs of the Organization, unless specifically restricted by the donor. The Organization reports monetary gifts as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or are subject to time restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as temporarily restricted net assets. A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as unrestricted support at the time of receipt.

**In-Kind Contributions**

The Organization recognizes contributions of services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Management's estimate of the value of contributed medical services and the related expense is determined using key factors and assumptions. These factors and assumptions are reviewed by management to ensure the preparation of financial statements are in conformity with U.S. GAAP.

Contributions of noncash assets (materials and equipment) are recorded at their fair values in the period received. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

**Taxes Payable**

The Organization's taxes payable represent value-added taxes imposed by a foreign government in connection with the sales of stoves. Taxes are accrued and paid as imposed on related sales. For Guatemala, the tax years of 2014 through 2017 are subject to review.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions subsequent to December 31, 2017 for potential recognition or disclosure through October 9, 2018, the date the financial statements were available to be issued.

**HELPS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>Amount</u>	<u>Estimated Useful Lives</u>
Furniture and Equipment	\$ 328,532	5 - 7 Years
Vehicles	59,376	5 Years
Leasehold Improvements	<u>23,271</u>	5 - 7 Years
Total	411,179	
Less: Accumulated Depreciation	<u>(280,332)</u>	
Net Property and Equipment	<u><u>\$ 130,847</u></u>	

**NOTE 3 CONCENTRATIONS**

Financial instruments, which subject the Organization to a concentration of credit risk, consist of demand deposits placed with financial institutions. At certain times during 2017, the Organization had funds deposited with financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The Organization's funds exceeded FDIC limits by approximately \$2,095,000 at December 31, 2017. Management believes the risk of loss in these situations is minimal.

The Organization maintains assets in Guatemala as a part of its organizational purpose. The Organization's operations are subjected to various political, economic, and other risks and uncertainties inherent in foreign operations. Among other risks, the Organization's operations are subject to the risks of restrictions on transfer of funds, domestic and international customs and tariffs, foreign exchange restrictions, and political conditions and governmental regulations.

**NOTE 4 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following as of December 31, 2017:

Medical Teams	\$ 935,409
Corn Program	344,536
Medical Equipment	<u>40,191</u>
Total	<u><u>\$ 1,320,136</u></u>

**HELPS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 4 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

Releases from temporarily restricted net assets consisted of the following for the year ended December 31, 2017:

Medical Teams	\$ 611,193
Corn Program	804,811
Medical Equipment	50,809
Total	<u>\$ 1,466,813</u>

**NOTE 5 IN-KIND CONTRIBUTIONS**

The Organization received donated medical and stove and filter installation services for the year ended December 31, 2017. These in-kind contributions benefited program services. These services are measured at their estimated fair values as determined by management and an estimate of the value of volunteer time and expenses has been included as in-kind contributions. Total in-kind contributions consisted of donated services in the amount of \$16,368,662 for the year ended December 31, 2017.

**NOTE 6 RELATED PARTY TRANSACTIONS**

The Organization paid amounts for certain general and administrative expenses to Dillon Gage Incorporated of Dallas (DGID). The Organization's president and board chairman is also the president of DGID. Such amounts totaled \$292,681 and the Organization had amounts due to DGID of \$32,717 for the year ended December 31, 2017 included in accrued expenses.