

HELPS INTERNATIONAL, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

**HELPS INTERNATIONAL, INC.
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YEAR ENDED DECEMBER 31, 2018**

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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, 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 did not audit the financial statements of the Guatemala division, which statements reflect total assets of \$806,568 as of December 31, 2018, and total revenues of \$3,276,237 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.

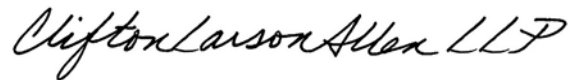
Board of Directors
Helps International, Inc.

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, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Dallas, Texas
August 21, 2019

HELPS INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 2,606,402
Accounts Receivable, Net of Allowance of \$146,042	14,879
Inventory	65,503
Prepaid Expenses and Other Current Assets	80,653
Total Current Assets	2,767,437

NONCURRENT ASSETS

Property and Equipment, Net	154,589
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Total Assets	\$ 2,922,026
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 37,677
Accrued Expenses	483,689
Total Liabilities	521,366

NET ASSETS

Without Donor Restrictions	1,600,003
With Donor Restrictions	800,657
Total Net Assets	2,400,660

Total Liabilities and Net Assets	\$ 2,922,026
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See accompanying Notes to Financial Statements.

HELPS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Contributions	\$ 2,313,602	\$ 800,356	\$ 3,113,958
Contributed Medical and Other Services	17,533,070	-	17,533,070
Equipment Sales	849,723	-	849,723
Other Income	376,815	-	376,815
Total Public Support and Other Revenue	21,073,210	800,356	21,873,566
 NET ASSETS RELEASED FROM RESTRICTIONS	 1,319,835	 (1,319,835)	 -
Total Revenue	22,393,045	(519,479)	21,873,566
 EXPENSES			
Program	20,860,038	-	20,860,038
General and Administrative	821,176	-	821,176
Fundraising	183,295	-	183,295
Total Expenses	21,864,509	-	21,864,509
 CHANGE IN NET ASSETS	 528,536	 (519,479)	 9,057
Net Assets - Beginning of Year	1,071,467	1,320,136	2,391,603
 NET ASSETS - END OF YEAR	 \$ 1,600,003	 \$ 800,657	 \$ 2,400,660

See accompanying Notes to Financial Statements.

HELPS INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program	General and Administrative	Fundraising	Total
Agricultural Expense	\$ 154,643	\$ -	\$ -	\$ 154,643
Bank Fees	2,037	37,004	41	39,082
Cost of Goods Sold	581,717	602	10,746	593,065
Depreciation Expense	37,414	608	-	38,022
Donation Expense	47,530	17,440	113,824	178,794
Educational	32,263	-	-	32,263
In-Kind Donations	17,533,070	-	-	17,533,070
Internet Expense	27,949	13,095	489	41,533
Medical Team Supplies	116,682	696	614	117,992
Other Expenses	53,281	4,747	1,026	59,054
Payroll Expense	882,686	370,767	22,408	1,275,861
Postage and Shipping	126,169	4,758	3,492	134,419
Professional Fees	23,269	208,923	7,059	239,251
Rent	87,346	24,655	181	112,182
Repairs and Maintenance	58,427	1,430	-	59,857
Sales Tax	46,017	24,629	331	70,977
Supplies	8,882	3,055	2,415	14,352
Travel	962,177	94,430	19,531	1,076,138
Provision for Uncollectable Accounts	2,222	-	1	2,223
Vehicle Expense	76,257	14,337	1,137	91,731
Total Expenses	\$ 20,860,038	\$ 821,176	\$ 183,295	\$ 21,864,509

See accompanying Notes to Financial Statements.

**HELPS INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	9,057
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation		38,022
Loss on Disposal of Fixed Assets		2,868
Provision for Uncollectable Accounts		2,223
Changes in Assets:		
Accounts Receivable		50,234
Inventory		(9,110)
Prepaid Expenses and Other Current Assets		(7,440)
Changes in Liabilities:		
Accounts Payable		(31,514)
Accrued Expenses		(2,242)
Net Cash Provided by Operating Activities		52,098

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment		(64,632)
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DECREASE IN CASH AND CASH EQUIVALENTS

(12,534)

Cash and Cash Equivalents - Beginning of Year

2,618,936

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,606,402

See accompanying Notes to Financial Statements.

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018. Translation loss in the amount of (\$25,047) as of December 31, 2018 is included in Other Income.

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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, 2018.

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.

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.

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and reclassified as net assets released from restriction when the assets are placed in service. 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.

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

**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

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

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.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions subsequent to December 31, 2018 for potential recognition or disclosure through August 21, 2019, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

Cash and Cash Equivalents	\$ 2,606,402
Accounts Receivable, Net	14,879
Less: Net Assets With Donor Restrictions	<u>(800,657)</u>
Total financial assets available for general expenditures in the next 12 months	<u><u>\$ 1,820,624</u></u>

The Organization maintains a number of demand deposit accounts with various banks in the United States and Guatemala. These accounts are available to cover general expenditures, liabilities, and other obligations as they come due.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>Amount</u>	<u>Estimated Useful Lives</u>
Furniture and Equipment	\$ 379,168	5 - 7 Years
Vehicles	57,804	5 Years
Leasehold Improvements	<u>22,083</u>	5 - 7 Years
Total	459,055	
Less: Accumulated Depreciation	<u>(304,466)</u>	
Net Property and Equipment	<u><u>\$ 154,589</u></u>	

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 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 2018, 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 \$1,940,000 at December 31, 2018. 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 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31, 2018:

Subject to purpose restrictions:

Medical Teams	\$ 799,356
Medical Equipment	1,301
Total	<u>\$ 800,657</u>

Releases from net assets with donor restrictions consisted of the following for the year ended December 31, 2018:

Purpose restrictions satisfied:

Medical Teams	\$ 935,409
Corn Program	344,536
Medical Equipment	39,890
Total	<u>\$ 1,319,835</u>

NOTE 6 IN-KIND CONTRIBUTIONS

The Organization received donated medical and stove and filter installation services for the year ended December 31, 2018. 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 \$17,533,070 for the year ended December 31, 2018.

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 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 \$260,628 and the Organization had amounts due to DGID of \$39,488 for the year ended December 31, 2018 included in accrued expenses.

NOTE 8 FUNCTIONALIZED 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. All expenses, with the exception of agricultural and educational expenses, and in-kind expenses, are allocated on the basis of management's best estimates of time and effort.