

HELPS INTERNATIONAL, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



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YEARS ENDED DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Helps International, Inc.
Addison, Texas

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Helps International, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, based on our audits and the report of 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, 2023 and 2022, 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.

We did not audit the financial statements of the Guatemala division, which statements reflect total assets of \$616,322 and \$804,387 as of December 31, 2023 and 2022, respectively, and total revenues of \$4,008,002 and \$3,744,869, respectively, for the years 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 on the 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, as far as it relates to the amounts included for the Guatemala division, prior to these conversion adjustments, is based solely on the report of the other auditors

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 GAAS 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 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 GAAS, 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, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Helps International, Inc.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Addison, Texas
September 23, 2024

**HELPS INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,098,110	\$ 6,386,307
Accounts Receivable, Net of Allowance of \$5,898 and \$20,721, Respectively	303,719	659,838
Inventory	78,450	46,354
Prepaid Expenses and Other Current Assets	94,279	140,204
Total Current Assets	8,574,558	7,232,703
NONCURRENT ASSETS		
Property and Equipment, Net	133,393	156,153
Right of Use Asset	82,583	162,850
Total Noncurrent Assets	215,976	319,003
Total Assets	\$ 8,790,534	\$ 7,551,706
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 203,599	\$ 210,318
Accrued Expenses	716,800	637,286
Lease Liability - Operating	65,824	80,267
Deferred Revenue	194,378	285,939
Total Current Liabilities	1,180,601	1,213,810
LONG-TERM LEASE LIABILITY - OPERATING	16,759	82,583
Total Liabilities	1,197,360	1,296,393
NET ASSETS		
Without Donor Restrictions	6,809,386	5,635,971
With Donor Restrictions	783,788	619,342
Total Net Assets	7,593,174	6,255,313
Total Liabilities and Net Assets	\$ 8,790,534	\$ 7,551,706

See accompanying Notes to Financial Statements.

HELPS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Contributions	\$ 2,702,754	\$ 783,788	\$ 3,486,542
Contributed Medical Services	22,252,200	-	22,252,200
Contributed Goods and Other Services	673,409	-	673,409
Equipment Sales	1,175,023	-	1,175,023
Sale of Carbon Credits	1,510,774	-	1,510,774
Other Income, Net	233,957	-	233,957
Total Public Support and Other Revenue	<u>28,548,117</u>	<u>783,788</u>	<u>29,331,905</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>619,342</u>	<u>(619,342)</u>	<u>-</u>
Total Revenue	29,167,459	164,446	29,331,905
EXPENSES			
Program	26,992,503	-	26,992,503
General and Administrative	945,538	-	945,538
Fundraising	56,003	-	56,003
Total Expenses	<u>27,994,044</u>	<u>-</u>	<u>27,994,044</u>
CHANGE IN NET ASSETS	1,173,415	164,446	1,337,861
Net Assets - Beginning of Year	<u>5,635,971</u>	<u>619,342</u>	<u>6,255,313</u>
NET ASSETS - END OF YEAR	<u>\$ 6,809,386</u>	<u>\$ 783,788</u>	<u>\$ 7,593,174</u>

See accompanying Notes to Financial Statements.

HELPS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Contributions	\$ 2,324,236	\$ 619,342	\$ 2,943,578
Contributed Medical Services	8,657,564	-	8,657,564
Contributed Goods and Other Services	502,897	-	502,897
Equipment Sales	915,672	-	915,672
Sale of Carbon Credits	1,819,662	-	1,819,662
Other Income, Net	8,449	-	8,449
Total Public Support and Other Revenue	14,228,480	619,342	14,847,822
NET ASSETS RELEASED FROM RESTRICTIONS	630,381	(630,381)	-
Total Revenue	14,858,861	(11,039)	14,847,822
EXPENSES			
Program	12,544,646	-	12,544,646
General and Administrative	674,065	-	674,065
Fundraising	79,343	-	79,343
Total Expenses	13,298,054	-	13,298,054
CHANGE IN NET ASSETS	1,560,807	(11,039)	1,549,768
Net Assets - Beginning of Year	4,075,164	630,381	4,705,545
NET ASSETS - END OF YEAR	\$ 5,635,971	\$ 619,342	\$ 6,255,313

See accompanying Notes to Financial Statements.

HELPS INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program	General and Administrative	Fundraising	Total
Agricultural Expense	\$ 346,512	\$ -	\$ -	\$ 346,512
Bank Fees	1,228	37,097	16	38,341
Cost of Goods Sold	638,121	-	83	638,204
Depreciation Expense	51,989	3,207	-	55,196
Donation Expense	716,446	858	4,247	721,551
Educational	4,867	-	-	4,867
In-Kind Donations	22,843,025	-	-	22,843,025
Internet Expense	40,585	5,836	458	46,879
Medical Team Supplies	174,792	-	-	174,792
Other Expenses	46,209	92,395	1,240	139,844
Payroll Expense	751,712	666,107	32,861	1,450,680
Postage and Shipping	148,184	2,773	252	151,209
Professional Fees	15,194	38,638	6,639	60,471
Rent	81,293	32,897	-	114,190
Repairs and Maintenance	123	-	-	123
Sales Tax	24,458	21,453	7	45,918
Supplies	10,206	4,626	134	14,966
Travel	922,697	28,429	9,278	960,404
Credit Loss	7,975	-	-	7,975
Vehicle Expense	166,886	11,222	788	178,896
Total Functional Expenses	<u>\$ 26,992,503</u>	<u>\$ 945,538</u>	<u>\$ 56,003</u>	<u>\$ 27,994,044</u>

See accompanying Notes to Financial Statements.

HELPS INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Program	General and Administrative	Fundraising	Total
Agricultural Expense	\$ 325,867	\$ -	\$ -	\$ 325,867
Bank Fees	1,254	26,143	-	27,397
Cost of Goods Sold	498,005	64	1,350	499,419
Depreciation Expense	49,531	2,690	150	52,371
Donation Expense	584,587	3,782	11,597	599,966
Educational	15,981	-	-	15,981
In-Kind Donations	9,117,564	-	-	9,117,564
Internet Expense	29,139	6,376	984	36,499
Medical Team Supplies	169,185	-	267	169,452
Other Expenses	42,097	62,417	1,352	105,866
Payroll Expense	829,768	459,165	49,798	1,338,731
Postage and Shipping	114,329	1,238	138	115,705
Professional Fees	11,177	43,050	9,111	63,338
Rent	86,979	17,236	-	104,215
Sales Tax	18,303	14,853	-	33,156
Supplies	11,620	4,043	115	15,778
Travel	499,824	21,307	4,140	525,271
Bad Debt	363	-	-	363
Vehicle Expense	139,073	11,701	341	151,115
	<u>\$ 12,544,646</u>	<u>\$ 674,065</u>	<u>\$ 79,343</u>	<u>\$ 13,298,054</u>
Total Functional Expenses	<u>\$ 12,544,646</u>	<u>\$ 674,065</u>	<u>\$ 79,343</u>	<u>\$ 13,298,054</u>

See accompanying Notes to Financial Statements.

HELPS INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,337,861	\$ 1,549,768
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	55,196	52,371
Loss on Disposal of Fixed Assets	153	-
Provision for Credit Loss	7,975	363
Changes in Assets:		
Accounts Receivable	348,144	(572,898)
Inventory	(32,095)	12,893
Prepaid Expenses and Other Current Assets	45,925	(68,189)
Changes in Liabilities:		
Accounts Payable	(6,719)	117,896
Accrued Expenses	79,514	41,526
Deferred Revenue	(91,561)	135,939
Net Cash Provided by Operating Activities	1,744,393	1,269,669
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(32,590)	(70,558)
 INCREASE IN CASH AND CASH EQUIVALENTS	1,711,803	1,199,111
Cash and Cash Equivalents - Beginning of Year	6,386,307	5,187,196
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,098,110	\$ 6,386,307
 SUPPLEMENTAL CASH FLOW INFORMATION		
Right of Use Asset Received Under Operating Agreements Upon Adoption of ASC 842 on January 1, 2022	\$ -	\$ 236,573

See accompanying Notes to Financial Statements.

**HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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 (GAAP).

Estimates

The preparation of financial statements in conformity with 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, statements of financial position accounts are translated at exchange rates in effect at the end of the year and statements of activities accounts are translated at average exchange rates for the years ended December 31, 2023 and 2022. Translation gain (loss) in the amount of (\$2,538) and \$717 as of December 31, 2023 and 2022, respectively, is included in Other Income, Net.

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. In 2023, the Organization invested in Treasury bills. The investment in Treasury bills totaled \$4,769,353 and -0- for the years ended December 31, 2023 and 2022, respectively.

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for credit loss expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Allowance for credit loss was \$5,898 and \$20,721 as of December 31, 2023 and 2022, respectively.

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. Furniture and equipment have a useful life of 5 to 7 years; vehicles have a useful life of five years; leasehold improvements have a useful life of 5 to 7 years. Property and equipment are 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.

Deferred Revenue

Grant payments for conditional grants received in advance are deferred to the appropriate period. Contributions received totaling \$194,378 and \$285,939 at December 31, 2023 and 2022, respectively, have been recognized in the accompanying statement of financial position as deferred revenue.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the Statement of Financial Position.

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Leases (Continued)

ROU assets represent Organization's right to use an underlying asset for the lease term and lease liabilities represent Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense is incurred and these leases are not included as lease liabilities or right of use assets on the Statement of Financial Position. The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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 restrictions 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, 2023 AND 2022

**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. Revenue is recognized at a point in time when the product is shipped.

Carbon Credits

The Organization recognizes sales revenue for carbon credits at a point in time when the control of the credits is transferred to the purchasing party.

Contributions and Grants

The Organization reports contributions and grants 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.

Unconditional grants and contributions are recognized as revenue in the period the commitment is received. Unconditional grants and contributions to be received over a period of time in excess of one year are recorded at fair value at the date of the grant based upon the present value of payments to be received. Conditional grants and contributions are those with a measurable performance or other barrier and a right of return and are not recognized until the conditions have been met.

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 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.

**HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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

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.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions subsequent to December 31, 2023 for potential recognition or disclosure through September 23, 2024, the date the financial statements were available to be issued.

Adoption of Accounting Pronouncements

On January 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did result in changes to the Organization's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Organization also updated its accounting policies for determining the recoverability of accounts receivable.

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:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 8,098,110	\$ 6,386,307
Accounts Receivable, Net	303,719	659,838
Investments	10,735	9,676
Less: Net Assets With Donor Restrictions	<u>(783,788)</u>	<u>(619,342)</u>
Total Financial Assets Available for General Expenditures in the Next 12 Months	<u>\$ 7,628,776</u>	<u>\$ 6,436,479</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.

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and Equipment	\$ 112,988	\$ 360,175
Vehicles	118,389	118,009
Total	<u>231,377</u>	<u>478,184</u>
Less: Accumulated Depreciation	(97,984)	(322,031)
Net Property and Equipment	<u>\$ 133,393</u>	<u>\$ 156,153</u>

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 2023 and 2022, 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 \$3,094,147 and \$5,680,037 at December 31, 2023 and 2022, respectively. 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:

	<u>2023</u>	<u>2022</u>
Subject to Purpose Restrictions:		
Medical Teams	\$ 783,788	\$ 619,342
Total	<u>\$ 783,788</u>	<u>\$ 619,342</u>

Releases from net assets with donor restrictions consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions Satisfied:		
Medical Teams	\$ 619,342	\$ 629,543
Medical Equipment	-	838
Total	<u>\$ 619,342</u>	<u>\$ 630,381</u>

HELPS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 IN-KIND CONTRIBUTIONS

The Organization received the following contribution of goods and services for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Medical Services	\$ 22,252,200	\$ 8,657,564
Construction Services	-	32,895
Stoves and Water Filters	590,025	460,000
Cement	55,560	10,002
Rent	26,507	-
Miscellaneous	1,317	-
Total	<u>\$ 22,925,609</u>	<u>\$ 9,160,461</u>

These amounts are included in revenue as contributions without donor restrictions which are reflected in the statements of activities.

The Organization determines the fair value of donated assets and services on the basis of estimates of the current market rates for similar assets and services.

Donated goods and services were utilized by the Organization's program during years ended December 31, 2023 and 2022.

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 \$354,835 and \$259,696 for the years ended December 31, 2023 and 2022, respectively, and had amounts due to DGID of \$30,724 and \$52,740 as of December 31, 2023 and 2022, respectively, included in accrued expenses. The Organization received donated rent from DGID totaling \$26,507 and \$-0- for the years ended December 31, 2023 and 2022, respectively.

The Organization paid amounts for programmatic expenses to two vendors for which board members are the president or CEO. Such amounts totaled \$419,344 and \$345,557 for the years ended December 31, 2023 and 2022, respectively.

The Organization received amounts from board members and organization affiliated with board members totaling \$102,950 and \$291,398 for the years ended December 31, 2023 and 2022, respectively.

The Organization received donated cement from a company for which a board member is a member of executive management. Such amounts are valued at \$55,560 and \$10,002 for the years ended December 31, 2023 and 2022, respectively.

**HELPS INTERNATIONAL, INC.
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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.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Operating Lease Agreements

The Organization leased office space in Dallas, TX under noncancellable lease agreement through August 2022. This lease was not renewed, and no future minimum lease payments will be made.

In July 2021, the Organization subleased office space in Dallas, TX to a sublessor through August 2022. Total revenue under this sublease agreement for the year ended December 31, 2022 was \$10,750. This sublease was not renewed, and no future revenue related to this sublease will be received.

Additionally, the Organization leased warehouse and office space, and production plant in Guatemala under lease agreements through March 2025 and December 2023, respectively. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following tables provide quantitative information concerning the Organization's lease for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating Lease Costs	\$ 83,600	\$ 77,120
<u>Other Information:</u>		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 83,600	\$ 77,120
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:		
	\$ -	\$ 236,573
Weighted Average Remaining Lease Term:		
Operating Leases	1.3 years	2.1 years
Weighted Average Discount Rate:		
Operating Leases	2.93%	2.72%

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NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Lease Agreements (Continued)

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 67,200
2025	16,800
Total Lease Payments	84,000
Less: Imputed Interest	(1,417)
Present Value of Lease Liabilities	<u>\$ 82,583</u>



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