

HELPING CHILDREN WORLDWIDE, INC.

**AUDITED
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2017

Helping Children Worldwide, Inc.

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Independent Auditor's Report

To the Board of Directors of
Helping Children Worldwide, Inc.
Chantilly, Virginia

We have audited the accompanying financial statements of **Helping Children Worldwide, Inc.** (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2017, and the related Statements of Activities and Changes in Net Assets, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

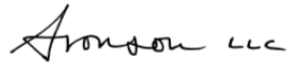
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Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Helping Children Worldwide, 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.



Rockville, Maryland
April 13, 2018

Helping Children Worldwide, Inc.

Statement of Financial Position

<i>December 31,</i>	<i>2017</i>
Assets	
Current assets	
Cash and cash equivalents	\$ 304,476
Prepaid expenses	15,588
Total current assets	320,064
Investments	202,195
Deposit	2,323
Property and equipment, net	1,988
Total assets	\$ 526,570
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 19,996
Deferred revenue	15,009
Total current liabilities	35,005
Deferred rent	4,272
Total liabilities	39,277
Net assets	
Unrestricted	196,016
Temporarily restricted	291,277
Total net assets	487,293
Total liabilities and net assets	\$ 526,570

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Helping Children Worldwide, Inc.

Statement of Activities and Changes in Net Assets

<i>For the Year Ended December 31, 2017</i>	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions and foundation grants	\$ 179,001	\$ 420,432	\$ 599,433
Special events	187,157	71,731	258,888
Less: cost of direct donor benefit	(36,085)	-	(36,085)
UMVIM volunteer funds	105,205	-	105,205
Interest and investment income	3,544	-	3,544
Net assets released from restrictions	830,411	(830,411)	-
Total support and revenue	1,269,233	(338,248)	930,985
Expenses			
Program services:			
African programs			
Child Rescue Centre	448,846	-	448,846
Mercy Hospital	437,788	-	437,788
UMVIM volunteer trips	129,223	-	129,223
Supporting services:			
Management and general	126,747	-	126,747
Fundraising	168,853	-	168,853
Total expenses	1,311,457	-	1,311,457
Change in net assets	(42,224)	(338,248)	(380,472)
Net assets, beginning of year	238,240	629,525	867,765
Net assets, end of year	\$ 196,016	\$ 291,277	\$ 487,293

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Helping Children Worldwide, Inc.

Statement of Functional Expenses

<i>For the Year Ended</i> <i>December 31, 2017</i>	African Programs			Management and General	Fundraising	Total
	Child Rescue Centre	Mercy Hospital	UMVIM Volunteer Trips			
Administrative	\$ 5,444	\$ 5,749	\$ 1,221	\$ 20,975	\$ 10,652	\$ 44,041
Contributions	281,555	282,316	-	-	-	563,871
Depreciation and amortization	154	164	40	35	104	497
Equipment and computer software	1,120	1,152	125	10,498	328	13,223
Insurance	1,494	1,590	385	337	1,012	4,818
Legal and professional	2,368	2,368	2,368	57,262	-	64,366
Rent	7,468	7,950	1,927	1,686	5,059	24,090
Salaries and benefits	131,802	118,991	24,561	35,718	107,372	418,444
Special events	-	-	-	-	42,877	42,877
Licenses	100	106	26	23	68	323
Travel and meetings	17,341	17,402	98,570	213	1,381	134,907
Total	\$ 448,846	\$ 437,788	\$ 129,223	\$ 126,747	\$ 168,853	\$ 1,311,457

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Helping Children Worldwide, Inc.

Statement of Cash Flows

<i>For the Year Ended December 31,</i>	2017
Cash flows from operating activities	
Change in net assets	\$ (380,472)
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Depreciation and amortization	497
Unrealized loss on investments	189
(Increase) decrease in:	
Receivables	1,531
Prepaid expenses	(15,588)
Deposit	1,500
Increase (decrease) in:	
Accounts payable and accrued expenses	(20,160)
Deferred revenue	(15,915)
Deferred rent	836
Net cash used by operating activities	(427,582)
Cash flows from investing activities	
Proceeds from maturities of certificates of deposit	837,408
Purchases of certificates of deposit	(523,464)
Purchase of property and equipment	(2,485)
Net cash provided by investing activities	311,459
Net change in cash and cash equivalents	(116,123)
Cash and cash equivalents, beginning of year	420,599
Cash and cash equivalents, end of year	\$ 304,476

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Helping Children Worldwide, Inc.

Notes to Financial Statements

1. Organization and significant accounting policies

Programmatic and organizational information: Helping Children Worldwide, Inc. (the “Organization”) was incorporated on April 4, 2003, under the laws of the Commonwealth of Virginia, as a non-stock not-for-profit organization. Helping Children Worldwide, Inc. is a Christian organization whose mission is to transform communities by serving the world’s most vulnerable through education, health care, and spiritual growth.

Helping Children Worldwide, Inc. is the primary financial supporter of the Child Rescue Centre and Mercy Hospital in Sierra Leone, West Africa. The organization has built partnerships with other faith-based and secular organizations, including Floris United Methodist Church (Floris UMC) in Herndon, Virginia. The bylaws of the Organization require that a majority (greater than 50%) of the Board of Directors be affiliated with Floris UMC.

Helping Children Worldwide, Inc. ministers in Sierra Leone, West Africa through support of programs to protect children and families; working to realize our vision of strong, nurturing communities where all can fulfill their God-given potential through good health and education. Major programs supported include:

Child Rescue Centre - The Child Rescue Centre (CRC) offers services to children and families in one of the most impoverished regions of the world. The programs offered by the CRC provide support for education, health care and spiritual growth. Illiteracy hovers between 60% and 70% and poverty is the number one reason children do not go to school. Because of CRC programs, more than 600 children were able to attend school in 2017. The children in CRC programs receive free medical care through Mercy Hospital. During 2017, the CRC supported students in preschool through secondary education programs and offered youth graduating from post-secondary school additional opportunity for advancement through scholarships. Through the CRC incentive program, high-performing students were able to pursue education and technical training to better prepare them to become community leaders and meaningfully contribute to society in their trade or profession. As of 2017, the CRC scholarship program had 23 students enrolled and produced a second doctor. The CRC has produced 2 of the 250 doctors in the country. In total, more than 600 children are currently enrolled in programs offered by the CRC. Families are provided additional support for food, and access to a microloan program with financial literacy and entrepreneurial training to increase family stability, so that children may attend school rather than work.

Helping Children Worldwide, Inc.

Notes to Financial Statements

Mercy Hospital - Mercy Hospital's (Mercy) mission is to improve infant and maternal mortality rates in Sierra Leone by providing holistic, community-focused care, regardless of ability to pay. Mercy provided services to over 10,000 people in and around Bo, Sierra Leone, the second largest city in the country, and in the surrounding 55 villages. Mercy has a trained and dedicated medical staff including a full-time doctor, a medical laboratory, and a fully stocked pharmacy on-site, and is in the process of building and equipping two operating theatres. Phase one construction of the operating wing was completed during 2017.

Mercy's outreach into the surrounding villages includes: nutrition clinics, with treatment provided for malnourished infants, prenatal care and education, malaria testing and treatment, and HIV/AIDS testing and counseling.

UMVIM Volunteer Trips - United Methodist Volunteers in Mission (UMVIM) teams are comprised of individuals who travel to Sierra Leone to volunteer at CRC and Mercy Hospital. Over the years, teams have engaged in a wide variety of service projects to support the lives of children and their families, including medical and dental clinics, summer school programs, Vacation Bible School, counseling and construction projects. In 2017, Helping Children Worldwide sent 37 volunteers in mission to serve the Child Rescue Centre and Mercy Hospital. Volunteers included doctors, nurses, physical therapists, psychologists, pastors, teachers, financial managers, IT professionals, engineers, and students.

The Organization regularly collaborates with the General Board of Global Ministries of the United Methodist Church Advance (UMC Advance) to fundraise for the CRC and Mercy programs. In 2017, \$52,603 was donated through the UMC Advance to support the CRC and Mercy directly, which offset the Organization's total expenses for the year.

Basis of accounting: The accounts of the Organization are maintained on the accrual basis of accounting where support and revenue is recognized when earned, and expenses are recognized when incurred.

Basis of presentation: Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Helping Children Worldwide, Inc.

Notes to Financial Statements

Permanently restricted net assets - net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization. The Organization may use all or part of the income earned on these assets for specific purposes. There were no permanently restricted net assets as of December 31, 2017.

Cash and cash equivalents: The Organization classifies all highly liquid investments, with original maturities of three months or less as cash equivalents. Cash and cash equivalents consist of demand deposit accounts, money market accounts, and certificates of deposit with original maturities of three months or less. The Organization maintains cash balances which may exceed federally insured limits. Management does not believe that this results in any significant credit risk.

Investments: Investments consist of a certificate of deposit and an indexed certificate of deposit which are stated at fair value. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the Statement of Activities and Changes in Net Assets. Purchases and sales of investments are recorded on a trade-date basis. Investment income (including unrealized loss on investments, interest and dividends) is recorded as unrestricted income, unless restricted by donor or law.

Property and equipment: The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, which is generally three to five years. Leasehold improvements are amortized using a straight-line basis over the shorter of their estimated useful life or the remaining lease term.

Deferred revenue: Deferred revenue is made up of volunteer mission trip funds received for trips in future periods.

Deferred rent: The Organization recognizes the minimum non-contingent rents required under operating leases as rent expense on a straight-line basis over the life of the lease, with differences between amounts recognized as expense and the amounts actually paid recorded as deferred rent on the accompanying Statement of Financial Position.

Helping Children Worldwide, Inc.

Notes to Financial Statements

Revenue recognition:

Contributions and foundation grants - The Organization recognizes all contributions as revenue in the period received or unconditionally promised. Contributions are recorded as unrestricted or temporarily restricted depending on the absence or existence of donor stipulations that limit the use of the contributions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Special events - Special events revenue is recognized when the event occurs less any direct donor benefit transferred to the donor.

UMVIM volunteer funds - UMVIM volunteer funds are received for short-term mission trips to aid the African Programs. The funds are recognized as revenue in the period the trip takes place. Funds received for trips taking place in a future period are recorded as deferred revenue and reported as a liability on the Statement of Financial Position.

Functional allocation of expenses: The cost of providing the various programs and supporting services has been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes: The Organization is a Section 501(c)(3) not-for-profit corporation exempt from federal income taxes as provided under section 501(a) of the Internal Revenue Code and applicable regulations of the Commonwealth of Virginia. The Organization has no unrelated business income.

Uncertainty in income taxes: The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2017, there are no accruals for uncertain tax positions. If applicable, the Organization records interest and penalties as a component of income tax expense. Tax years from 2014 through the current year remain open for examination by tax authorities.

Use of accounting 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Helping Children Worldwide, Inc.

Notes to Financial Statements

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through April 13, 2018, which is the date the financial statements were available to be issued.

2. Investments Investments are presented in the financial statements at fair market value. The following is a summary of the investments as of December 31, 2017:

Certificate of deposit	\$	102,195
Indexed certificate of deposit		100,000
Total	\$	202,195

Interest and investment income for the year ended December 31, 2017 is as follows:

Interest and dividends	\$	3,733
Unrealized loss on investments		(189)
Total interest and investment income	\$	3,544

3. Fair value The Organization values its investments at fair value in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes in the fair value methodologies used at December 31, 2017.

Helping Children Worldwide, Inc.

Notes to Financial Statements

The fair value of investments is as follows:

December 31, 2017	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	No Quoted Prices In Active Markets nor Observable Inputs (Level 3)
Certificate of deposit	\$ 102,195	\$ -	\$ 102,195	\$ -
Indexed certificate of deposit	100,000	-	100,000	-
Total	\$ 202,195	\$ -	\$ 202,195	\$ -

4. Property and equipment

Property and equipment consists of the following at December 31, 2017:

Equipment and furniture	\$ 9,878
Leasehold improvements	2,485
Total	12,363
Less: Accumulated depreciation and amortization	(10,375)
Property and equipment, net	\$ 1,988

Depreciation and amortization expense for the year ended December 31, 2017 was \$497.

5. Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes at December 31, 2017:

African programs:	
Child Rescue Centre	\$ 168,905
Mercy Hospital	122,372
Total	\$ 291,277

Helping Children Worldwide, Inc.

Notes to Financial Statements

Temporarily restricted net assets were released from restriction during the year ended December 31, 2017 as follows:

African programs:		
Child Rescue Centre	\$	448,845
Mercy Hospital		381,566
Total	\$	830,411

6. Commitments

In June 2013, the Organization signed a thirty-eight month lease agreement effective July 1, 2013 through August 31, 2016, calling for monthly installments of \$2,232. In addition, the lease requires the Organization to pay a proportionate share of the building's real estate taxes, operating expenses, and utilities expense. The lease included two months of rent abatement totaling \$4,464. Effective on June 1st, 2016, the lease agreement was extended to August 31, 2021.

The future minimum lease payments for the office lease as of December 31, 2017 are as follows:

Year Ending December 31		Amount
2018	\$	23,502
2019		24,089
2020		24,692
2021		16,786
Total	\$	89,069

Rent expense for the year ended December 31, 2017 was \$24,090.

7. Concentrations

In 2017, the Organization received 20% of its total revenue from one entity.

8. Related party transactions

The Organization is an affiliate of Floris UMC located in Herndon, Virginia. At all times a majority (greater than 50%) of the members of the Board of Directors of Helping Children Worldwide, Inc. shall be affiliated with Floris UMC, either as a member or participant of Floris UMC or as an employee of Floris UMC.

The Organization's employees are provided with fringe benefits through Floris UMC. Payments for these services and the reimbursement of other expenses that were paid directly to Floris UMC totaled \$67,290 for the year ended December 31, 2017.

In 2017, contributions received from Floris UMC totaled \$181,862. As of December 31, 2017, the Organization did not owe any money to Floris UMC.

Helping Children Worldwide, Inc.

Notes to Financial Statements

9. Retirement plan

The Organization participates in a defined contribution retirement plan sponsored by Floris UMC. Total employer contributions from the Organization to the plan for the year ended December 31, 2017 were \$6,434, which were partially funded by plan forfeitures.