

**HELPING CHILDREN WORLDWIDE, INC.**

**AUDITED  
FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

# Helping Children Worldwide, Inc.

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## **Independent Auditor's Report**

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

### ***Opinion***

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, 2022, 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.

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, 2022, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Helping Children Worldwide, Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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, that raise substantial doubt about **Helping Children Worldwide, Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Independent Auditor's Report (Continued)

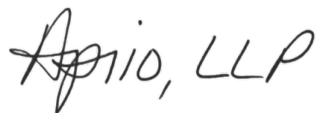
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Helping Children Worldwide, Inc.**'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Helping Children Worldwide, Inc.**'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Rockville, Maryland  
April 10, 2023

## Helping Children Worldwide, Inc.

### Statement of Financial Position

<i>December 31,</i>	<b>2022</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 665,365
Pledge receivable	50,000
Prepaid expenses	6,616
<b>Total current assets</b>	<b>721,981</b>
<b>Other assets</b>	
Deposit	2,323
Right-of-use asset - finance lease	18,322
Right-of-use asset - operating lease	41,827
Property and equipment, net	3,698
<b>Total other assets</b>	<b>66,170</b>
<b>Total assets</b>	<b>\$ 788,151</b>
<b>Liabilities and Net Assets</b>	
<b>Current liabilities</b>	
Lease liability - finance lease, current portion	\$ 3,857
Lease liability - operating lease, current	19,251
Accounts payable and accrued expenses	14,739
Deferred revenue	10,950
<b>Total current liabilities</b>	<b>48,797</b>
<b>Long-term liabilities</b>	
Lease liability - finance lease, net of current portion	14,465
Lease liability - operating lease, net of current portion	23,107
<b>Total long-term liabilities</b>	<b>37,572</b>
<b>Total liabilities</b>	<b>86,369</b>
<b>Net assets</b>	
Without donor restrictions	446,089
With donor restrictions	255,693
<b>Total net assets</b>	<b>701,782</b>
<b>Total liabilities and net assets</b>	<b>\$ 788,151</b>

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, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Contributions and foundation grants	\$ 358,167	\$ 637,416	\$ 995,583
Special events	155,184	17,400	172,584
Less: cost of direct donor benefit	(20,350)	-	(20,350)
UMVIM volunteer funds	79,108	-	79,108
Interest income	23	-	23
Net assets released from restrictions	576,648	(576,648)	-
<b>Total support and revenue</b>	<b>1,148,780</b>	<b>78,168</b>	<b>1,226,948</b>
<b>Expenses</b>			
Program services:			
Child Welfare / Child Reintegration Centre	382,876	-	382,876
Global Health / Mercy Hospital	355,258	-	355,258
Empowerment programs	224,510	-	224,510
Supporting services:			
Management and general	137,681	-	137,681
Fundraising	77,383	-	77,383
<b>Total expenses</b>	<b>1,177,708</b>	<b>-</b>	<b>1,177,708</b>
<b>Change in net assets</b>	<b>(28,928)</b>	<b>78,168</b>	<b>49,240</b>
<b>Net assets, beginning of year</b>	<b>475,017</b>	<b>177,525</b>	<b>652,542</b>
<b>Net assets, end of year</b>	<b>\$ 446,089</b>	<b>\$ 255,693</b>	<b>\$ 701,782</b>

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 December 31, 2022</i>	Programs		Empowerment Programs	Management and General	Fundraising	<b>Total</b>
	Child Welfare/ Child Reintegration Centre	Global Health/ Mercy Hospital				
Administrative	\$ 6,013	\$ 4,564	\$ 4,613	\$ 24,772	\$ 5,120	\$ 45,082
Contributions	186,964	209,008	27,831	-	-	423,803
Depreciation and amortization	977	726	400	528	249	2,880
Equipment and computer software	1,538	1,172	4,000	7,042	9,385	23,137
Insurance	1,824	1,353	747	548	464	4,936
Legal and professional	2,852	2,828	10,257	50,313	-	66,250
Licenses	102	75	42	31	26	276
Lease expense	7,997	5,934	3,276	2,402	2,037	21,646
Salaries and benefits	172,202	127,756	70,546	51,722	43,857	466,083
Special events - other	-	-	-	-	10,450	10,450
Travel and meetings	2,407	1,842	102,798	323	5,795	113,165
<b>Total</b>	<b>\$ 382,876</b>	<b>\$ 355,258</b>	<b>\$ 224,510</b>	<b>\$ 137,681</b>	<b>\$ 77,383</b>	<b>\$ 1,177,708</b>

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>	<b>2022</b>
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<b>Cash flows from operating activities</b>	
Change in net assets	\$ 49,240
<b>Adjustments to reconcile changes in net assets to net cash used in operating activities</b>	
Depreciation and amortization	2,880
<b>(Increase) decrease in:</b>	
Pledge receivable	(50,000)
Prepaid expenses	(6,616)
Right-of-use asset - operating lease	15,841
<b>Increase (decrease) in:</b>	
Lease liability - operating lease	(15,310)
Accounts payable and accrued expenses	2,543
Deferred revenue	(16,867)
<b>Net cash used in operating activities</b>	<b>(18,289)</b>
<hr/>	
<b>Cash flows from investing activities</b>	
Purchases of property and equipment	(3,014)
<hr/>	
<b>Cash flows from financing activities</b>	
Payments on lease liability - finance lease	(964)
<hr/>	
<b>Net change in cash and cash equivalents</b>	<b>(22,267)</b>
<hr/>	
<b>Cash and cash equivalents, beginning of year</b>	<b>687,632</b>
<hr/>	
<b>Cash and cash equivalents, end of year</b>	<b>\$ 665,365</b>
<hr/>	
<b>Supplemental disclosure</b>	
Recognition of right-of-use asset - finance lease	\$ 19,286
Recognition of right-of-use asset - operating lease	\$ 57,668
Recognition of lease liability - finance lease	\$ 19,286
Recognition of lease liability - operating lease	\$ 57,668

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



# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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- 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 faith-based organization whose mission is to help children by strengthening and empowering families and communities. The Organization has built partnerships with other faith-based and secular organizations. The bylaws of the Organization require that 30% of the Board of Directors be affiliated with partner churches and reserve a seat for one pastor from one of the partner churches.

Helping Children Worldwide, Inc. ministers in Sierra Leone, West Africa through support of programs to protect children, strengthen and empower families and communities. The Organization is the primary financial supporter of the Child Reintegration Centre, Mercy Hospital and Missionary Training Centre in Sierra Leone as described below.

In 2022, the work continued to expand worldwide, with increased global impact through collaborations with orphanages and other NGOs supporting orphans and vulnerable children in Sierra Leone, Liberia, Nigeria, Mozambique, Haiti, Uganda, and Kenya working together to transform the way children separated from parental care are served. Likewise, the Organization expanded its 18-member “Together for Global Health” network by absorbing an additional 15 provider organizations from the dissolution of the Compassionate Birth Network. Together for Global Health now includes 33 member organizations working in 27 countries, Sierra Leone, Uganda, Lesotho, Grenada, Ethiopia, South Sudan, Mozambique, Cameroon, Kenya, Mali, South Africa, Malawi, Zambia, Madagascar, Zimbabwe, Haiti, Mexico, Guatemala, Chile, Cambodia, Bangladesh, Indonesia, Philippines, Nepal, India, Japan, and the United States. Moreover, the Organization worked to educate the global community on child welfare and global mission practices through its Rising Tides workshops, Table Fellowship discussion series for ethical international mission and presentations regarding best practices in child welfare, child reintegration, and family supports in the majority world. Advocacy efforts promoting best practices in global child missions using the Table Fellowship series were conducted with UMC leaders at a national event at Church of the Resurrection, and with global leaders at CAFO Summit.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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**Child Welfare and Child Reintegration Centre** – The Organization provides support in Sierra Leone for aid to young women, children and families suffering from extreme poverty and continued to provide primary financial support for the Child Reintegration Centre (“CRC”) in Sierra Leone. The collaboration between the Organization and CRC offers direct services to children and families in one of the most impoverished regions of the world, and provides training, coaching and mentoring services to child welfare agencies in Sierra Leone and West Africa to change their service model to family support work. In Sierra Leone, illiteracy hovers between 60% and 70%, 60% live below the global poverty line of \$1.90 per day and poverty is the number one reason children are living on the street and do not go to school. Because of CRC programs, 654 children and 566 families were supported during 2022. CRC programming is family-centered, and community based, with a professional case management staff, and offers clients educational scholarships, access to medical care, and family strengthening services through counseling, parenting education, economic supports, community education and training. During 2022, the CRC hosted multiple educational and training seminars for provider organizations from West African countries on how to reintegrate children living without parental care or on the street into families and homes and traveled outside the borders of Sierra Leone in support of collaborations. HCW professional staff traveled with CRC professional staff and provided remote support and curriculum for seminars. In addition to direct collaborative efforts in programs, the Organization supports training teams to assist CRC case managers’ efforts to provide quality care that meets global standards, despite extreme low resource environments.

**Global Health and Mercy Hospital** – The mission of Mercy Hospital (“Mercy”) is to improve infant and maternal mortality rates in Sierra Leone by providing holistic, community-focused care, regardless of ability to pay. Mercy is a 50-bed facility with a trained and dedicated medical staff including a full-time doctor, a medical laboratory, a research laboratory, a fully stocked pharmacy on-site, a limb-fitting and rehabilitation center, an HIV/Aids clinic, and a surgical wing with two operating theatres. It is the first hospital to incorporate an electronic hospital management and patient records system in Sierra Leone. In 2022, Mercy Hospital and Mercy Outreach were able to provide medical and diagnostic services to 13,729 patients in Bo and 45 villages.

Mercy’s outreach into the surrounding villages includes nutrition clinics and treatment provided for malnourished infants, prenatal care and education, malaria testing and treatment, diarrhetic disease diagnosis and treatment, and HIV/AIDS testing and counseling, as well as support for basic health needs in clean water and sanitation.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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**Empowerment programs** – The Organization’s United Methodist Volunteers in Mission (UMVIM) teams are comprised of individuals who are trained and then 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, construction projects, teacher training collaborations, and capacity building work with local leadership. Three Village Partnerships were active during 2022, funding the construction of basic community infrastructure, providing medical and nutrition clinics for children and mothers, and supporting family strengthening services to villages through Mercy Hospital, mission team volunteers overseen by the medical staff and new mission partnership liaison at the Missionary Training Centre and by Child Reintegration Centre case managers and social workers, and various contractors in Sierra Leone. The Organization’s professional staff provided direct support on the ground and via remote collaborations.

The Organization continued to build the capacity of the CRC and Mercy staff in 2022, by bringing in experts from the United States of America and the United Kingdom in medicine, surgery, physical rehabilitation, and nursing care, organizational leadership, case management and social work.

The Organization’s Global Engagement and Education program in 2022 included Breaking Bread sessions at the Church of the Resurrection, and at the Christian Alliance for Orphans Summit. Additionally, the Organization was selected as a “Transition Champion,” offering transition support training and mentorship to the US-based personnel of three non-governmental agencies (two in Sierra Leone and one in the USA.) The Organization published two articles on best practices in orphan care, was covered by a UMC newsletter outlet, and participated as a podcast guest on two different podcasts.

**UMC Advance** - 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 2022, \$54,327 that was donated through the UMC Advance to support the CRC and Mercy directly, offset the Organization's total expenses for the year.

**Basis of accounting:** The accompanying financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

**Net assets without donor restrictions** - net assets that are not subject to donor-imposed stipulations.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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**Net assets with donor restrictions** – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no donor restrictions that are perpetual in nature as of December 31, 2022.

**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 at two commercial banks, these balances can exceed the FDIC insured deposit limit of \$250,000 per financial institution. At December 31, 2022, the Organization's cash balances held at the commercial banks exceeded the FDIC limit by approximately \$165,000. Management does not believe that this results in any significant credit risk. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

**Pledge receivable:** Pledge receivable consists of an unconditional promise to give that is expected to be collected in future years. An allowance for doubtful accounts is allocated on an account by account basis, if necessary. Contributions expected to be collected in future years are recorded at the present value of their estimated future cash flows. There is no discount on the pledge receivable. The amount is considered collectible at December 31, 2022. The full balance of the pledge receivable is expected to be collected within a year.

**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.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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**Leases:** For operating leases with initial lease terms greater than 12 months, operating lease right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. The ROU assets resulting from operating leases are disclosed as a right-of-use asset – operating lease and the related liabilities are included in the lease liability – operating lease in the Statement of Financial Position. The ROU assets resulting from finance leases are disclosed as a right-of-use asset - finance lease and the related liabilities are included in the lease liability - finance lease in the Statement of Financial Position.

At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term as lease expense in the accompanying Statement of Functional Expenses. Lease and non-lease components of office space lease agreements are accounted as a single component. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization determines if an arrangement is a lease at inception. All leases are recorded on the Statement of Financial Position except for leases with an initial term less than 12 months for which the Organization made the short-term lease election. The Organization had no short-term leases as of December 31, 2022.

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

**Revenue recognition:** The Organization recognizes revenue in accordance with Accounting Standards Codification Topic 606, Revenue from Contracts with Customers “ASC 606”. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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Accordingly, the following revenue stream is within the scope of ASC 606:

**UMVIM volunteer funds** - UMVIM volunteer funds are received for short-term mission trips to aid the African Programs. The performance obligation is satisfied and the revenue is recognized when the trip takes place. The transaction price is the minimum amount that must be raised by volunteers to go on the trip. 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.

The following revenue streams are outside the scope of ASC 606:

**Contributions and foundation grants** - The Organization recognizes all contributions as revenue in the period received or unconditionally promised. The Organization reports such gifts as with donor restricted support and revenues if they are subject to time or donor-imposed restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both.

**Special events** - The Organization holds fundraising galas or events. In exchange for a specified fee, event attendees receive meals along with other miscellaneous benefits (“direct donor benefits”). Proceeds from the events are recognized net of the cost of any direct donor benefits, as required by ASC 958 – Not-for-profit Entities.

The excess of special event proceeds over the cost of direct donor benefits is recognized as a contribution. The portion of special event proceeds associated with the cost of direct donor benefits is recognized as an exchange transaction and accounted for under ASC 606. The nature of direct donor benefits is subject to change at the discretion of the Organization and is generally not identifiable to event attendees before the event. As a result, the Organization has concluded receipt of direct donor benefits does not meet the definition of a contract in ASC 606 until certain criteria are met. Accordingly, revenue is recognized under such arrangements when payment is received, the event takes place, and the Organization is no longer obligated to provide any additional goods or services to attendees (generally, after the event takes place).

**Contract liabilities:** Contract liabilities include amounts paid by customers for which services have not yet been provided and are included in deferred revenue.

**Contract costs:** Contract fulfillment costs generally include direct costs such as event venue and food related to galas and events, and mission costs related to UMVIM trips. Costs are expensed when incurred.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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**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. The expenses that are allocated include administrative, depreciation and amortization, equipment and computer software, insurance, licenses, lease expense, salaries and benefits, travel and meetings which are allocated on the basis of estimates of time and effort.

**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, 2022, 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 2019 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.

**Recent accounting pronouncement adopted:** The Organization adopted Accounting Standards Update 842, *Leases*, (ASC 842) effective January 1, 2022. This standard requires lessees to recognize leases on the Statement of Financial Position as a right-of-use (ROU) asset and lease liability based on the value of the discounted future lease payments. In adopting ASC 842, the Organization elected to use the practical expedient package, which includes not reevaluating if a contract is or contains a lease, not reevaluating the classification of a lease, and not reevaluating initial direct costs.

After adoption, the Organization recognized an operating lease ROU asset and a lease liability of \$57,668 as of the lease commencement date using the modified retrospective method. No cumulative-effect adjustments were required.

ASC 842 did not have a significant effect on the accounting for lessee contracts classified as finance leases. After adoption, the Organization recognized a finance lease ROU asset and a lease liability of \$19,286 as of the lease commencement date.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

**Subsequent events:** Management has evaluated subsequent events for disclosure in these financial statements through April 10, 2023, which was the date the financial statements were available to be issued.

### 2. Liquidity and the availability of resources

The following represents the Organization's financial assets at December 31, 2022:

Financial assets at year end:		
Cash and cash equivalents	\$	665,365
Pledge receivable		50,000
<hr/>		
Total resources available:		715,365
Less amounts not available to be used within one year:		
Donor restrictions:		
Temporary purpose restrictions		(205,693)
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Financial assets available to meet general expenditures over the next twelve months	\$	509,672
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The Organization's goal is to maintain financial assets to meet at least 90 days of general expenditures which are, on average, approximately, \$96,000. Additionally, it strives to maintain financial assets to also meet at least 90 days of programmatic expenditures which are, on average, approximately \$273,000. The Organization has a policy to structure its financial assets to be available as general and programmatic expenditures are incurred.

### 3. Property and equipment

Property and equipment consists of the following at December 31, 2022:

Equipment and furniture	\$	14,008
Less: Accumulated depreciation and amortization		(10,310)
<hr/>		
<b>Property and equipment, net</b>	<b>\$</b>	<b>3,698</b>
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Depreciation and amortization expense for the year ended December 31, 2022 was \$2,880.



# Helping Children Worldwide, Inc.

## Notes to Financial Statements

- 4. Net assets with donor restrictions** Net assets with donor restrictions are available for the following purposes at December 31, 2022:

Temporary purpose restrictions	
Empowerment programs	\$ 148,882
Global Welfare / Mercy Hospital	48,155
Child Welfare / Child Reintegration Centre	8,656
Time restrictions	
Empowerment programs	50,000
<b>Total</b>	<b>\$ 255,693</b>

Net assets with donor restrictions were released from restrictions during the year ended December 31, 2022 as follows:

Child Welfare / Child Reintegration Centre	\$ 309,349
Global Health / Mercy Hospital	160,851
Empowerment programs	106,448
<b>Total</b>	<b>\$ 576,648</b>

- 5. Operating lease**

Upon adoption of the new lease standard ASC 842, the Organization evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU asset and lease liability under the operating lease agreements were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 1.04%. As of December 31, 2022, the weighted-average remaining lease term for the Organization's operating lease was approximately 2.2 years.

The Organization is obligated under an operating lease for space in Chantilly, Virginia. On January 27, 2022, the Organization signed a one-year lease agreement effective March 1, 2022 through February 28, 2023. On January 30, 2023, the Organized signed a two-year lease agreement to renew the lease until February 28, 2025.

## Helping Children Worldwide, Inc.

### Notes to Financial Statements

The future maturities of the lease liability under these operating lease agreements at December 31, 2022 are as follows:

Year Ending December 31,	Amount
2023	\$ 19,451
2024	20,051
2025	3,358
Total	42,860
Less: imputed interest	(502)
<b>Lease liability – operating lease</b>	<b>\$ 42,358</b>

Total operating lease cost was \$21,646 for the year ended December 31, 2022. Total cash flows from operating leases were \$20,011 for the year ended December 31, 2022.

#### 6. Finance lease

In 2022, the Organization entered into an agreement to lease a copier under a lease which qualifies as finance lease. In connection with this finance lease, the Organization recorded a ROU asset and a corresponding lease liability in the amount of \$19,286, using the risk free rate as interest rate. The ROU asset and lease liability under this finance lease agreement are being amortized over the life of the lease agreement. As of December 31, 2022, the unamortized ROU asset was \$18,322.

The future maturities of the lease liability under the finance lease agreement at December 31, 2022 are as follows:

Year ending December 31,	Amount
2023	\$ 4,176
2024	4,176
2025	4,176
2026	4,176
2027	3,133
<b>Total minimum payments</b>	<b>19,837</b>
Less: interest	(1,515)
<b>Total principal due</b>	<b>18,322</b>
Less: current portion	(3,857)
<b>Non-current portion</b>	<b>\$ 14,465</b>

Total interest expense incurred on the finance lease for the year ended December 31, 2022 was \$80. Total amortization expense for the year ended December 31, 2022 was \$964, and was included in the balance of depreciation and amortization expense on the Statement of Functional Expenses.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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- 7. Concentration** In 2022, the Organization received 30% of its total revenue from two entities.
- 8. 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, 2022 were \$6,376.