

**HELPING CHILDREN WORLDWIDE, INC.**

**AUDITED  
FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2019**

# 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, 2019, 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.

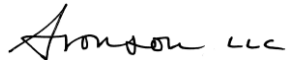
## Independent Auditor's Report (continued)

### *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, 2019, 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.

### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, **Helping Children Worldwide, Inc.** adopted Accounting Standards Update [ASU] No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Made*, and ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Our opinion is not modified with respect to these matters.



Rockville, Maryland  
April 6, 2020

# Helping Children Worldwide, Inc.

## Statement of Financial Position

<i>December 31,</i>	<b>2019</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 448,653
Pledge receivable	35,000
<b>Total current assets</b>	<b>483,653</b>
Deposit	2,323
Property and equipment, net	904
<b>Total assets</b>	<b>\$ 486,880</b>
<b>Liabilities and Net Assets</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 17,776
Deferred revenue	15,028
<b>Total current liabilities</b>	<b>32,804</b>
Deferred rent	2,934
<b>Total liabilities</b>	<b>35,738</b>
<b>Net assets</b>	
Without donor restrictions	348,918
With donor restrictions	102,224
<b>Total net assets</b>	<b>451,142</b>
<b>Total liabilities and net assets</b>	<b>\$ 486,880</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, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Contributions and foundation grants	\$ 317,124	\$ 497,302	\$ 814,426
Special events	188,170	-	188,170
Less: cost of direct donor benefit	(24,426)	-	(24,426)
UMVIM volunteer funds	62,426	-	62,426
Interest income	2,885	-	2,885
Net assets released from restrictions	565,452	(565,452)	-
<b>Total support and revenue</b>	<b>1,111,631</b>	<b>(68,150)</b>	<b>1,043,481</b>
<b>Expenses</b>			
Program services:			
African programs			
Child Rescue Centre	328,784	-	328,784
Mercy Hospital	347,851	-	347,851
UMVIM volunteer trips	92,448	-	92,448
Supporting services:			
Management and general	101,052	-	101,052
Fundraising	77,129	-	77,129
<b>Total expenses</b>	<b>947,264</b>	<b>-</b>	<b>947,264</b>
<b>Change in net assets</b>	<b>164,367</b>	<b>(68,150)</b>	<b>96,217</b>
<b>Net assets, beginning of year</b>	<b>184,551</b>	<b>170,374</b>	<b>354,925</b>
<b>Net assets, end of year</b>	<b>\$ 348,918</b>	<b>\$ 102,224</b>	<b>\$ 451,142</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, 2019</i>	African Programs					Fundraising	Total
	Child Rescue Centre	Mercy Hospital	UMVIM Volunteer Trips	Management and General			
Administrative	\$ 5,537	\$ 4,277	\$ 842	\$ 16,411	\$ 13,536	\$ 40,603	
Contributions	139,775	202,100	6,937	-	-	348,812	
Depreciation and amortization	228	170	38	50	56	542	
Equipment and computer software	797	596	135	6,165	9,795	17,488	
Insurance	1,906	1,424	322	423	466	4,541	
Legal and professional	2,023	2,023	2,023	41,766	-	47,835	
Licenses	115	86	20	26	28	275	
Rent	9,841	7,353	1,663	2,186	2,409	23,452	
Salaries and benefits	151,804	113,426	25,647	33,708	37,158	361,743	
Special events - other	-	-	-	-	10,701	10,701	
Travel and meetings	16,758	16,396	54,821	317	2,980	91,272	
<b>Total</b>	<b>\$ 328,784</b>	<b>\$ 347,851</b>	<b>\$ 92,448</b>	<b>\$ 101,052</b>	<b>\$ 77,129</b>	<b>\$ 947,264</b>	

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

# Helping Children Worldwide, Inc.

## Statement of Cash Flows

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<i>For the Year Ended December 31,</i>	<b>2019</b>
<b>Cash flows from operating activities</b>	
Change in net assets	\$ 96,217
<b>Adjustments to reconcile changes in net assets to net cash provided by operating activities</b>	
Depreciation and amortization	542
<b>(Increase) decrease in:</b>	
Pledge receivable	(35,000)
Prepaid expenses	9,195
<b>Increase (decrease) in:</b>	
Accounts payable and accrued expenses	(1,276)
Deferred revenue	(2,281)
Deferred rent	(963)
<b>Net cash provided by operating activities</b>	<b>66,434</b>
<b>Net change in cash and cash equivalents</b>	<b>66,434</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>382,219</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 448,653</b>

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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. 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 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 Reintegration Centre** - Formerly named Child Rescue Centre (CRC), Child Reintegration Center offers services to children and families in one of the most impoverished regions of the world. The programs offered by the CRC rescue children from poverty, homelessness and hopelessness by providing support for their education, health care and spiritual growth. 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, 600 children were able to attend school in 2019. The children in CRC programs receive free medical care through Mercy Hospital. During 2019, 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 for a trade or profession. During 2019, the CRC promise scholarship program had 26 students enrolled in programs in a variety of universities and vocational technical institutions, including education in medical and technology fields. 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. CRC programming is family-centered and community based, with a professional case management staff. The UN Convention on Rights of a Child reaffirms in 2019 that children are entitled to grow in families. HCW supports training teams to assist CRC case managers efforts to provide quality care that meets global standards, despite being located in an extreme low resource environment.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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**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. During 2019, Mercy provided services to more than 16,000 people in and around the urban area of Bo, Sierra Leone, including the surrounding 55 villages. 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 that were opened in 2018. In 2018, Mercy established a goal of operating as a premiere medical facility, even though it is located in an extreme low resource environment. It is the first hospital to incorporate an electronic hospital management and patient records system in Sierra Leone, with thumbprint identification to compensate for the lack of literacy in patients.

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, as well as support for basic health needs in clean water and sanitation.

**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, construction projects, teacher training collaborations, and capacity building work with local leadership. In 2019, Helping Children Worldwide sent 26 volunteers in mission to serve the Child Rescue Centre and Mercy Hospital. Volunteers included doctors, nurses, physical therapists, pastors, teachers, social workers, program development and financial managers, IT professionals, engineers, and college 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 2019, \$33,419 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:

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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

**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, where by the donor has stipulated the funds be maintained in perpetuity. There were no donor restrictions that are perpetual in nature as of December 31, 2019.

**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.

**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, 2019. 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.

**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

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**Revenue recognition:** The Organization adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (ASC 606), on January 1, 2019. 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.

**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** - Special events revenue is recognized at the point in time 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 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.

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

**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, rent, salaries and benefits, travel and meetings which are allocated on the basis of estimates of time and effort.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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**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, 2019, 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 2016 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.

**New accounting standard adopted:** In May 2014, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 606, *Revenue from Contracts with Customers*) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 was effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization adopted ASC 606 with a date of the initial application of January 1, 2019, using the modified retrospective method. ASC 606 is applied only to contracts that are not completed at the initial date of application. There were no significant changes that resulted from adoption; however, the presentation and disclosures of revenue has been enhanced.

The Organization adopted the FASB issued Accounting Standard Update [ASU] 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* effective January 1, 2019 using the full prospective method. This update assists not-for-profit entities in evaluating whether transactions should be accounted for as contributions or as exchange transactions, and in determining whether a contribution is conditional. The adoption of this standard did not have a material effect on the Organization's financial statements.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

**Subsequent events:** As a result of the spread of the COVID-19 coronavirus, the Organization has experienced disruptions to daily operations and events. Economic uncertainties have arisen which could negatively impact contribution levels. Other financial impact could occur though such potential impact is unknown at this time.

Management has evaluated subsequent events for disclosure in these financial statements through April 6, 2020, which was the date the financial statements were available to be issued.

### 2. Liquidity and the availability resources

The following represents the Organization's financial assets at December 31, 2019:

Financial assets at year end:		
Cash and cash equivalents	\$	448,653
Pledge receivable		35,000
<hr/>		
Total resources available:		483,653
Less amounts not available to be used within one year:		
Donor restrictions:		
Temporary purpose restrictions		(102,224)
<hr/>		
Financial assets available to meet general expenditures over the next twelve months	\$	381,429
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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, \$75,000. Additionally, it strives to maintain financial assets to also meet at least 90 days of programmatic expenditures which are, on average, approximately \$200,000. 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, 2019:

Equipment and furniture	\$	9,878
Leasehold improvements		2,485
<hr/>		
Total		12,363
Less: Accumulated depreciation and amortization		(11,459)
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<b>Property and equipment, net</b>	<b>\$</b>	<b>904</b>
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Depreciation and amortization expense for the year ended December 31, 2019 was \$542.

# 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, 2019:

Temporary restrictions		
African programs:		
African Programs General	\$	85,140
Mission Team Deployment		14,584
Mercy Hospital		2,500
<b>Total</b>	<b>\$</b>	<b>102,224</b>

Net assets with donor restrictions were released from restriction during the year ended December 31, 2019 as follows:

African programs:		
Child Rescue Centre	\$	312,431
Mercy Hospital		253,021
<b>Total</b>	<b>\$</b>	<b>565,452</b>

**5. 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, 2019 are as follows:

<b>Year Ending December 31</b>		<b>Amount</b>
2019	\$	24,692
2021		16,786
<b>Total</b>	<b>\$</b>	<b>41,478</b>

Rent expense for the year ended December 31, 2019 was \$23,452.

**6. Concentration**

In 2019, the Organization received 26% of its total revenue from two entities. All of the Organization's pledge receivable were due from one donor as of December 31, 2019.

# Helping Children Worldwide, Inc.

## Notes to Financial Statements

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### **7. 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, 2019 were \$5,382, which were partially funded by plan forfeitures.