

WORLD HELP

Financial Statements
With Independent Auditors' Report

March 31, 2021 and 2020

WORLD HELP

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statement of Functional Expenses - 2021	6
Statement of Functional Expenses - 2020	7
Notes to Financial Statements	8

INDEPENDENT AUDITORS' REPORT

Board of Directors
World Help
Forest, Virginia

We have audited the accompanying financial statements of World Help, which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Board of Directors
World Help
Forest, Virginia

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Help as of March 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

New York, New York
July 20, 2021

WORLD HELP

Statements of Financial Position

	March 31,	
	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and cash equivalents	\$ 4,320,133	\$ 2,010,650
Investments	1,126,312	975,664
Prepaid expenses and other assets	83,957	326,576
Inventory	635,975	284,334
Property and equipment–net	536,540	575,479
Investments held for long term purposes	202,776	153,425
	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,905,693</u>	<u>\$ 4,326,128</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 316,368	\$ 355,896
Accrued payroll and payroll taxes	195,119	220,949
Grants payable	192,218	231,598
Deferred revenue	179,270	232,276
Revolving line of credit	-	1,250,000
Paycheck Protection Program loan	376,070	-
Notes payable	162,062	22,845
Capital lease obligation	20,348	39,755
	<u>1,441,455</u>	<u>2,353,319</u>
Net assets:		
Without donor restrictions	4,577,217	(502,306)
With donor restrictions	887,021	2,475,115
	<u>5,464,238</u>	<u>1,972,809</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 6,905,693</u>	<u>\$ 4,326,128</u>

See notes to financial statements

WORLD HELP

Statements of Activities

	Year Ended March 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions:						
Cash	\$ 13,066,837	\$ 797,811	\$ 13,864,648	\$ 13,844,827	\$ 1,176,149	\$ 15,020,976
Gifts-in-kind	16,579,020	-	16,579,020	16,695,795	-	16,695,795
Government grant revenue	1,176,201	-	1,176,201	78,640	-	78,640
Special events-net	1,706,137	-	1,706,137	1,207,835	-	1,207,835
Product sales	7,143	-	7,143	41,143	-	41,143
Investment income (loss)	346,788	-	346,788	(117,774)	16,000	(101,774)
Other income (loss)	19,564	-	19,564	(1,892)	-	(1,892)
Total support and revenue	32,901,690	797,811	33,699,501	31,748,574	1,192,149	32,940,723
RECLASSIFICATIONS:						
Satisfaction of program restrictions	2,385,905	(2,385,905)	-	1,358,885	(1,358,885)	-
EXPENSES:						
Program services:						
International ministries	25,447,414	-	25,447,414	25,758,958	-	25,758,958
Outreach ministries	401,546	-	401,546	779,507	-	779,507
Total program services	25,848,960	-	25,848,960	26,538,465	-	26,538,465
Supporting activities:						
Management and general	2,817,933	-	2,817,933	2,819,436	-	2,819,436
Fundraising	1,541,179	-	1,541,179	2,712,746	-	2,712,746
Total supporting activities	4,359,112	-	4,359,112	5,532,182	-	5,532,182
Total expenses	30,208,072	-	30,208,072	32,070,647	-	32,070,647
Change in Net Assets	5,079,523	(1,588,094)	3,491,429	1,036,812	(166,736)	870,076
Net Assets, Beginning of Year	(502,306)	2,475,115	1,972,809	(1,539,118)	2,641,851	1,102,733
Net Assets, End of Year	\$ 4,577,217	\$ 887,021	\$ 5,464,238	\$ (502,306)	\$ 2,475,115	\$ 1,972,809

See notes to financial statements

WORLD HELP

Statements of Cash Flows

	Year Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,491,429	\$ 870,076
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	77,425	96,854
Bad debt expense	179,994	-
Net realized and unrealized (gain) loss on investments	(319,857)	160,436
Net (gain) loss on sale of equipment	(19,339)	1,893
Net change in in-kind inventory	(386,426)	(238,344)
Forgiveness of Paycheck Protection Program loan (Note 2)	(1,075,825)	-
Changes in:		
Prepaid expenses and other assets	242,619	114,465
Purchased inventory	34,785	10,563
Accounts payable	(39,528)	59,811
Accrued payroll and payroll taxes	(25,830)	(53,115)
Grants payable	(39,380)	(35,343)
Deferred revenue	(53,006)	(108,688)
Net Cash Provided by Operating Activities	2,067,061	878,608
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(47,747)	(13,309)
Proceeds from sale of property and equipment	28,600	250
Purchase of investments	(931,416)	(581,908)
Proceeds from sale of investments	871,280	446,728
Net Cash Used by Investing Activities	(79,283)	(148,239)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	-	1,300,000
Payments on line of credit	(1,250,000)	(1,300,000)
Proceeds from Paycheck Protection Program loan (Note 2)	1,451,895	-
Proceeds from notes payable	150,000	-
Payments on notes payable and capital lease obligation	(30,190)	(28,971)
Net Cash Provided (Used) by Financing Activities	321,705	(28,971)
CHANGE IN CASH AND CASH EQUIVALENTS	2,309,483	701,398
CASH AND CASH EQUIVALENTS:		
Beginning of year	2,010,650	1,309,252
End of year	\$ 4,320,133	\$ 2,010,650
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 23,149	\$ 32,303
Forgiveness of Paycheck Protection Program loan (Note 2)	\$ 1,075,825	\$ -

See notes to financial statements

WORLD HELP

Statement of Functional Expenses

Year Ended March 31, 2021

	Program Services			Supporting Activities			Cost of Direct Benefit to Donors	Total
	International Programs	Outreach Ministries	Total Program	Management and General	Fundraising	Total Supporting		
Humanitarian aid	\$ 16,192,594	\$ -	\$ 16,192,594	\$ -	\$ -	\$ -	\$ -	\$ 16,192,594
Contributions to ministry partners	7,742,621	89,700	7,832,321	-	-	-	-	7,832,321
Payroll and employee benefits	873,890	192,822	1,066,712	1,299,467	819,950	2,119,417	-	3,186,129
Postage and freight	491,633	792	492,425	10,279	290,077	300,356	-	792,781
Printing and mailing	-	31,212	31,212	12,901	280,910	293,811	-	325,023
Professional fees	-	7,052	7,052	640,037	882	640,919	-	647,971
Travel	2,967	46,706	49,673	17,092	17,092	34,184	-	83,857
Special events	-	-	-	-	26,914	26,914	37,719	64,633
Taxes and licenses	-	-	-	281,785	-	281,785	-	281,785
Promotional	-	-	-	60,782	61,952	122,734	-	122,734
Rent	96,168	942	97,110	6,375	4,134	10,509	-	107,619
Depreciation	3,452	12,189	15,641	60,260	1,524	61,784	-	77,425
Bad debt	-	-	-	179,994	-	179,994	-	179,994
Other	44,089	20,131	64,220	248,961	37,744	286,705	-	350,925
Total expenses	25,447,414	401,546	25,848,960	2,817,933	1,541,179	4,359,112	37,719	30,245,791
Less cost of direct benefit to donors	-	-	-	-	-	-	(37,719)	(37,719)
Total expenses on statements of activities	\$ 25,447,414	\$ 401,546	\$ 25,848,960	\$ 2,817,933	\$ 1,541,179	\$ 4,359,112	\$ -	\$ 30,208,072

See notes to financial statements

WORLD HELP

Statement of Functional Expenses

Year Ended March 31, 2020

	Program Services			Supporting Activities			Cost of Direct Benefit to Donors	Total
	International Programs	Outreach Ministries	Total Program	Management and General	Fundraising	Total Supporting		
Humanitarian aid	\$ 16,457,451	\$ -	\$ 16,457,451	\$ -	\$ -	\$ -	\$ -	\$ 16,457,451
Contributions to ministry partners	7,573,092	2,957	7,576,049	-	335,995	335,995	-	7,912,044
Payroll and employee benefits	1,099,190	396,953	1,496,143	1,454,780	1,278,790	2,733,570	-	4,229,713
Postage and freight	435,881	4,672	440,553	584	345,213	345,797	-	786,350
Printing and mailing	-	25,394	25,394	1,883	348,547	350,430	-	375,824
Professional fees	-	81,760	81,760	510,381	10,220	520,601	-	602,361
Travel	37,064	171,552	208,616	66,229	60,633	126,862	-	335,478
Special events	-	-	-	-	132,989	132,989	588,935	721,924
Taxes and licenses	-	-	-	317,707	-	317,707	-	317,707
Promotional	-	-	-	105,589	118,553	224,142	-	224,142
Rent	107,706	5,022	112,728	23,953	16,178	40,131	-	152,859
Depreciation	-	29,664	29,664	63,482	3,708	67,190	-	96,854
Other	48,574	61,533	110,107	274,848	61,920	336,768	-	446,875
Total expenses	<u>25,758,958</u>	<u>779,507</u>	<u>26,538,465</u>	<u>2,819,436</u>	<u>2,712,746</u>	<u>5,532,182</u>	<u>588,935</u>	<u>32,659,582</u>
Less cost of direct benefit to donors	-	-	-	-	-	-	(588,935)	(588,935)
Total expenses on statements of activities	<u>\$ 25,758,958</u>	<u>\$ 779,507</u>	<u>\$ 26,538,465</u>	<u>\$ 2,819,436</u>	<u>\$ 2,712,746</u>	<u>\$ 5,532,182</u>	<u>\$ -</u>	<u>\$ 32,070,647</u>

See notes to financial statements

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

1. NATURE OF ORGANIZATION:

World Help (Organization) was incorporated as a not-for-profit organization in 1991, and is a Christian humanitarian organization serving the physical and spiritual needs of people in impoverished communities around the world. The Organization's primary activities are described below:

International Programs—The Organization works with partners to provide humanitarian, medical and educational assistance and ensuring clean water and people's spiritual needs are met by providing Bibles and establishing churches in as many communities as possible.

Outreach Ministries—The Organization's outreach ministries primarily consists of "Children of the World", which is a program designed to educate the perils of children in the developing world. Annually, the Organization forms a choir of children from its child sponsorship program and tours the United States to promote awareness of the needs of children to overcome malnutrition, obtain clean water, education, etc.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition, the Organization is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES:

The Organization prepares its financial statements on the accrual basis of accounting. The Organization uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The more significant accounting policies are described below.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements, or otherwise designated or restricted. The carrying amount approximates fair value because of the short maturity of those instruments. As of March 31, 2021 and 2020, the cash accounts exceeded FDIC insured limits by approximately \$689,000 and \$252,000, respectively. The Organization has not experienced any losses on such accounts and does not believe it is exposed to any significant credit risk on these accounts. As of March 31, 2021 and 2020, the Organization had no restricted cash.

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

The Organization's primary investment objective is to preserve and protect its assets by earning a total return for each account appropriate to each account's liquidity requirements, distribution requirements, and risk tolerance. Investments are stated at fair value, except for cash equivalents, closely held stock and a note receivable which are reported at cost. Investments held for long-term purposes consist of endowment and term endowment investments.

The note receivable was donated to the Organization during 2016. The note receivable is unsecured with an interest rate of 7% and required monthly interest only payments until its maturity on December 31, 2020. Payment activity is reviewed by management and the note receivable is considered to be nonperforming when payments are not received in accordance with the agreed upon schedule. During the year ended March 31, 2021, payment activity ceased and, upon the note's maturity, the holder did not remit the principal balance. As a result, management recorded an allowance of \$160,000.

INVENTORY

Inventory procured by the Organization is stated at the lower of cost or net realizable value, which is determined using the first-in, first-out method. The Organization receives donations of medical equipment, medical supplies, clothing and food for use in the Organization's humanitarian aid programs. Gifts-in-kind contributions are valued at their estimated fair value on the date of donation. Fair value is determined using the market approach. This approach uses prices and other relevant information generated for market transactions involving comparable assets. In-kind contributions of inventory included in total contributions received were \$16,579,020 and \$16,695,795 for the years ended March 31, 2021 and 2020, respectively.

For the years ended March 31, 2021 and 2020, \$13,631,555 and \$13,385,367, respectively, of donated inventory was delivered to the Organization before being distributed and the remaining amounts of \$2,561,039 and \$3,072,084, respectively, were shipped directly from the donor to other organizations. As of March 31, 2021 and 2020, \$618,461 and \$232,036, respectively, of donated inventory was not distributed and remained on hand (Note 5).

The Organization is a member of the Accord Network, a group of charities performing and providing regulation and oversight for those organizations doing relief and development work. In accordance with standards the group revised in May 2019 (the Interagency Gift-in-kind Standards), the Organization only recognizes amounts related to the value of gifts-in-kind when the Organization (i) is the original recipient of the gift, or (ii) is in partnership with another organization for distribution, or (iii) uses the gifts-in-kind in a program.

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FIXED ASSETS AND DEPRECIATION

Property and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for property and equipment over \$2,000 with a useful life in excess of one year. The fair value of donated fixed assets are similarly capitalized. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Building	39 years
Office equipment and computers	3-7 years
Office furniture	7 years
Vehicles	5 years

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition of the property and equipment. If the property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property and equipment. There were no impairment losses recognized for the years ended March 31, 2021 and 2020.

DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

The Organization follows the provisions of the *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Level 1

Quoted prices in active markets for identical assets or liabilities.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in active markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES, continued

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments

Investments include marketable equity securities, exchange traded funds, and mutual funds and are recorded at fair value based on readily determinable values which are considered Level 1 under the *Fair Value* topic of the FASB ASC. The fair value of the Level 1 securities are determined by reference to quoted market prices and other relevant information generated by market transactions.

PAYCHECK PROTECTION PROGRAM LOAN

For the year ended March 31, 2021, in response to the COVID-19 outbreak, the Organization received a Paycheck Protection Program loan (PPPL) from the U.S. Small Business Administration (SBA) of approximately \$703,000 as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The first draw PPPL dated April 13, 2020, had a fixed interest rate of 1.00% per annum and a maturity date of April 13, 2022. The Organization elected to record the PPPL as a conditional grant during the year ended March 31, 2021, and it is reported as a component of government grant revenue in the statements of activities. As of March 31, 2021, the Organization has received forgiveness from the SBA for this first draw of the PPPL.

The Organization received a second draw PPPL totaling approximately \$749,000. The second draw PPPL dated February 11, 2021, had a fixed interest rate of 1.00% per annum and a maturity date of February 11, 2026. The Organization recognized grant revenue for eligible expenses of approximately \$373,000 for the year ended March 31, 2021. The remaining portion of approximately \$376,000 is recorded as a liability in the statements of financial position. The Organization anticipates applying for forgiveness of the second draw during the year ended March 31, 2022.

NET ASSETS

The Organization classifies net assets into two categories: without donor restrictions and with donor restrictions. All net assets are considered to be available for use unless specifically restricted by the donor or by law. Board designated net assets are set aside to begin funding a retirement plan for the Organization's Founder. Net assets with donor restrictions include contributions with temporary, donor-imposed time or purpose restrictions. Net assets with donor-imposed time or purpose restrictions become without donor restrictions and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Net assets with donor restrictions in perpetuity include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity but permitting use of all or part of the investment income earned on the contributions. Management has elected to omit the reporting disclosures associated with the *Endowment* topic of the FASB ASC due to the lack of materiality to its financial statements.

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS, REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS

Revenue is reported when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Deferred revenue represents event and conference fees that have not yet been earned.

Contributions and grants are recorded as with donor restrictions if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions, which have been fully expended for their intended purposes within the reporting period, are reported as without donor restrictions. Donor restricted contributions are subject to assessments based on a level of administrative and fundraising efforts for each specific funding. Assessments are classified as contributions without donor restrictions at the time the contributions are received.

GOVERNMENT GRANT REVENUE

Conditional government grant revenue is recognized as earned, which is when eligible expenses are incurred. The Organization reports conditional government grants in which the restriction is met in the same fiscal year as government grant revenue without donor restrictions.

ALLOCATION OF FUNCTIONAL EXPENSES

Expenses are reported when incurred. The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses include depreciation, salaries and benefits, and other expenses. These expenses are allocated based on time and efforts or based on the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of March 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, as well as board designations, within one year of the statements of financial position date.

	March 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 4,320,133	\$ 2,010,650
Investments	1,126,312	975,664
Investments held for long term purposes	202,776	153,425
Financial assets, at year end	<u>5,649,221</u>	<u>3,139,739</u>
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors in perpetuity	(64,300)	(64,300)
Subject to appropriation from endowment beyond one year	(33,383)	(14,698)
Restrictions by donors with time or purpose restrictions	(54,708)	(631,825)
Board designation	<u>(372,757)</u>	<u>(169,237)</u>
	<u>(525,148)</u>	<u>(880,060)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,124,073</u>	<u>\$ 2,259,679</u>

The Organization is substantially supported by contributions on an unrestricted and restricted basis. Those contributions with donor restrictions require resources to be used in a particular manner or in a future period. The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. At March 31, 2021 and 2020, the Organization has \$822,721 and \$2,410,815, respectively, in net assets with donor restrictions for projects, bibles, and other purposes, of which \$734,630 and \$1,764,292, respectively, was considered available to meet needs for general expenditures within one year. Additionally, as discussed in Note 2, donor restricted contributions are charged an administrative fee in order to offset the costs of administering those activities.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage liquidity needs, the Organization maintains a line of credit in the amount of \$1,250,000, of which the Organization had borrowing capacity of \$1,250,000 and \$-0- available as of March 31, 2021 and 2020, respectively (Note 7).

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

4. INVESTMENTS:

Investments consist of:

	March 31,	
	2021	2020
Investments at cost:		
Cash equivalents	\$ 18,695	\$ 10,930
Note receivable—net	8,000	170,000
Closely held stock	3,658	3,658
	30,353	184,588
Investments at fair value (Level 1):		
Marketable equity securities	144,847	141,593
Exchange-traded funds	281,458	57,189
Mutual funds	872,430	745,719
	\$ 1,329,088	\$ 1,129,089

Investments are reported in the statements of financial position as follows:

	March 31,	
	2021	2020
Investments	\$ 1,126,312	\$ 975,664
Investment held for long-term purposes	202,776	153,425
	\$ 1,329,088	\$ 1,129,089

Investment income (loss) reported in the statements of activities consists of:

	Year Ended March 31,	
	2021	2020
Interest and dividends	\$ 26,931	\$ 58,662
Net realized and unrealized gains (losses) on investments	319,857	(160,436)
	\$ 346,788	\$ (101,774)

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

5. INVENTORY:

Inventory consists of:

	March 31,	
	2021	2020
Donated medical supplies	\$ 241,366	\$ 195,000
Donated clothing and other	377,095	37,036
Books and media	17,514	47,195
Clothing and other	-	5,103
	\$ 635,975	\$ 284,334

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	March 31, 2021		
	Cost	Accumulated Depreciation	Net
Land	\$ 144,406	\$ -	\$ 144,406
Buildings	652,971	(367,398)	285,573
Office equipment	496,156	(438,596)	57,560
Office furniture	28,816	(24,788)	4,028
Transportation equipment	387,561	(369,613)	17,948
	1,709,910	(1,200,395)	509,515
Software implementation in process	27,025	-	27,025
	\$ 1,736,935	\$ (1,200,395)	\$ 536,540
	March 31, 2020		
	Cost	Accumulated Depreciation	Net
Land	\$ 144,406	\$ -	\$ 144,406
Buildings	652,971	(352,506)	300,465
Office equipment	475,435	(413,768)	61,667
Office furniture	28,816	(20,202)	8,614
Transportation equipment	511,021	(450,694)	60,327
	\$ 1,812,649	\$ (1,237,170)	\$ 575,479

Depreciation expense for the years ended March 31, 2021 and 2020, was \$77,425 and \$96,854, respectively.

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

7. REVOLVING LINE OF CREDIT:

The Organization maintains a \$1,250,000 revolving line of credit with a financial institution with variable interest payable monthly, secured by a deed of trust on the land and building. The outstanding balance and any unpaid interest is payable on demand or upon maturity at June 1, 2021.

8. NOTES PAYABLE:

Notes payable consists of:

	March 31,	
	2021	2020
Economic Injury Disaster Loan (EIDL), secured by business assets, with an interest rate of 2.75% and a maturity date of June 25, 2050. The loan is payable in monthly principal and interest payments of \$641 beginning June 25, 2021.	\$ 150,000	\$ -
Note payable to a financial institution with a fixed interest rate of 3.04%. The note is payable in monthly installments of \$945 and secured by a vehicle. The note matures in April 2022.	12,062	22,845
	\$ 162,062	\$ 22,845

Future estimated maturities of notes payable are as follows:

<u>Year Ending March 31,</u>	
2022	\$ 14,039
2023	4,517
2024	3,687
2025	3,790
2026	3,895
Thereafter	132,134
	\$ 162,062

The Organization is currently in compliance with or had obtained waivers for all debt covenant requirements as of March 31, 2021 and 2020.

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

9. OBLIGATION UNDER CAPITAL LEASE:

The Organization has a capital lease agreement for office equipment. The net book value of the related equipment is as follows:

	<u>March 31,</u>	
	<u>2021</u>	<u>2020</u>
Office equipment, at capitalized cost	\$ 75,943	\$ 75,943
Less: accumulated amortization	<u>(52,211)</u>	<u>(28,479)</u>
	<u>\$ 23,732</u>	<u>\$ 47,464</u>

Future minimum payments under the capital lease are as follows:

<u>Year Ending March 31,</u>	
2022	\$ 21,296
Less: amount representing interest	<u>(948)</u>
	<u>\$ 20,348</u>

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

10. NET ASSETS:

Net assets consists of:

	March 31,	
	<u>2021</u>	<u>2020</u>
Without donor restrictions:		
Available for operations	\$ 4,204,460	\$ (671,543)
Board designated	<u>372,757</u>	<u>169,237</u>
Total without donor restrictions	<u>4,577,217</u>	<u>(502,306)</u>
With donor restrictions:		
Subject to expenditure for specified purpose or passage of time:		
Ministry projects	700,507	1,443,152
Bibles	36,215	719,663
Term endowment	46,708	46,708
Other purposes	<u>39,291</u>	<u>201,292</u>
	822,721	2,410,815
Subject to restriction in perpetuity:		
Endowment fund	<u>64,300</u>	<u>64,300</u>
Total with donor restrictions	<u>887,021</u>	<u>2,475,115</u>
Total net assets	<u>\$ 5,464,238</u>	<u>\$ 1,972,809</u>

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

10. NET ASSETS, continued:

Net assets with restrictions were released from restrictions because the purpose restrictions were accomplished as follows:

	Net Assets March 31, 2020	Restricted Contributions	Amounts Released	Net Assets March 31, 2021
Ministry projects	\$ 1,443,152	\$ 761,596	\$ (1,504,242)	\$ 700,506
Bibles	719,663	36,215	(719,663)	36,215
Term endowment	46,708	-	-	46,708
Other purposes	201,292	-	(162,000)	39,292
	\$ 2,410,815	\$ 797,811	\$ (2,385,905)	\$ 822,721
	Net Assets March 31, 2019	Restricted Contributions	Amounts Released	Net Assets March 31, 2020
Ministry projects	\$ 1,724,632	\$ 787,010	\$ (1,068,490)	\$ 1,443,152
Bibles	615,295	389,139	(284,771)	719,663
Term endowment	46,708	-	-	46,708
Other purposes	190,916	16,000	(5,624)	201,292
	\$ 2,577,551	\$ 1,192,149	\$ (1,358,885)	\$ 2,410,815

11. SPECIAL EVENTS - NET:

The Organization hosts semi-annual Global Impact Summits as well as golf tournaments, running races and other events with the proceeds of the events going to the Organization. Most of these events were held virtually for the year ended March 31, 2021. Special events consist of:

	Year Ended March 31,	
	2021	2020
Contributions	\$ 1,714,024	\$ 1,498,817
Revenue	29,832	297,953
Less: direct expenses	(37,719)	(588,935)
	\$ 1,706,137	\$ 1,207,835

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

12. OPERATING LEASES:

The Organization has several operating leases for warehouse space and equipment that expire at various dates through 2024. Lease expense was approximately \$100,000 and \$136,000 for the years ended March 31, 2021 and 2020, respectively.

Future minimum lease payments under the operating leases are:

<u>Year Ending March 31,</u>	
2022	\$ 100,484
2023	8,684
2024	<u>6,513</u>
	<u>\$ 115,681</u>

13. RETIREMENT PLAN:

The Organization has established a SIMPLE IRA retirement plan covering all employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year. The plan allows for employee contributions to the plan up to the maximum allowed by the Internal Revenue Service. The Organization matches 100% of each employee's contributions up to a maximum of 3% of gross wages. The Organization contributed \$45,949 and \$57,782 for the years ended March 31, 2021 and 2020, respectively.

14. RELATED PARTY TRANSACTIONS:

Members of the board of directors, individually or through their business interests, contributed approximately \$1,217,000 and \$1,326,000 to the Organization during the years ended March 31, 2021 and 2020, respectively.

15. DONOR CONCENTRATION:

Five donors provided approximately 83% of donated inventory received by the Organization for the year ended March 31, 2021. Four donors provided approximately 84% of donated inventory received by the Organization for the year ended March 31, 2020, of which three donors were the same as for the year ended March 31, 2021. The organizational implications of these concentrations are recognized by management and the board.

WORLD HELP

Notes to Financial Statements

March 31, 2021 and 2020

16. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and around the world. This pandemic has caused disruption through mandated and voluntary closings and/or transitions to remote work, cancelled or limited in-person gatherings, and temporarily closed country borders. COVID-19 has also caused negative impact on the world economy and has contributed to volatility in financial markets. While the disruptions and volatility are currently expected to be temporary, there is considerable uncertainty around the duration of them. Therefore, the Organization expects that this could have a continued negative effect on its future operations. However, the extent to which the COVID-19 outbreak will ultimately financially impact the Organization's worldwide operations or financial results cannot be reasonably estimated at this time. In response to the pandemic, the Organization received two draws from the PPPL program (Note 2) and a EIDL through the SBA (Note 8).

17. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 20, 2021, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

On May 26, 2021, the Organization renewed the \$1,250,000 revolving line of credit which extended the maturity date to September 1, 2021 (Note 7).