

WORLD HELP

Financial Statements
With Independent Auditors' Report

March 31, 2022 and 2021

WORLD HELP

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INDEPENDENT AUDITORS' REPORT

Board of Directors
World Help
Forest, Virginia

Opinion

We have audited the accompanying financial statements of World Help, which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Help as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of World Help and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 World Help's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
World Help
Forest, Virginia

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 World Help'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 World Help'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.

Capin Crouse LLP

New York, New York
July 21, 2022

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Statements of Financial Position

	March 31,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 4,665,613	\$ 4,320,133
Restricted cash	769,152	-
	<u>5,434,765</u>	<u>4,320,133</u>
Investments	2,133,117	1,126,312
Prepaid expenses and other assets	324,708	83,957
Inventory	1,388,026	635,975
Property and equipment—net	573,438	536,540
Investments held for long term purposes	1,281,042	202,776
	<u>11,135,096</u>	<u>6,905,693</u>
Total Assets	\$ 11,135,096	\$ 6,905,693
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 476,149	\$ 316,368
Accrued payroll and payroll taxes	208,452	195,119
Grants payable	307,722	192,218
Deferred revenue	169,466	179,270
Paycheck Protection Program loan	-	376,070
Notes payable	148,568	162,062
Capital lease obligation	-	20,348
Total liabilities	<u>1,310,357</u>	<u>1,441,455</u>
Net assets:		
Without donor restrictions	8,418,781	4,577,217
With donor restrictions	1,405,958	887,021
Total net assets	<u>9,824,739</u>	<u>5,464,238</u>
Total Liabilities and Net Assets	\$ 11,135,096	\$ 6,905,693

See notes to financial statements

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Statements of Activities

	Year Ended March 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions:						
Cash	\$ 17,398,257	\$ 1,374,108	\$ 18,772,365	\$ 13,066,837	\$ 797,811	\$ 13,864,648
Gifts-in-kind	19,385,661	-	19,385,661	16,579,020	-	16,579,020
Government grant revenue	416,070	-	416,070	1,176,201	-	1,176,201
Special events-net	1,821,611	-	1,821,611	1,706,137	-	1,706,137
Product sales	925	-	925	7,143	-	7,143
Investment income	43,994	-	43,994	346,788	-	346,788
Other income	45,982	-	45,982	19,564	-	19,564
Total support and revenue	39,112,500	1,374,108	40,486,608	32,901,690	797,811	33,699,501
RECLASSIFICATIONS:						
Satisfaction of program restrictions	855,171	(855,171)	-	2,385,905	(2,385,905)	-
EXPENSES:						
Program services:						
International ministries	30,257,525	-	30,257,525	25,447,414	-	25,447,414
Outreach ministries	371,625	-	371,625	401,546	-	401,546
Total program services	30,629,150	-	30,629,150	25,848,960	-	25,848,960
Supporting activities:						
Management and general	3,393,074	-	3,393,074	2,817,933	-	2,817,933
Fundraising	2,103,883	-	2,103,883	1,541,179	-	1,541,179
Total supporting activities	5,496,957	-	5,496,957	4,359,112	-	4,359,112
Total expenses	36,126,107	-	36,126,107	30,208,072	-	30,208,072
Change in Net Assets	3,841,564	518,937	4,360,501	5,079,523	(1,588,094)	3,491,429
Net Assets, Beginning of Year	4,577,217	887,021	5,464,238	(502,306)	2,475,115	1,972,809
Net Assets, End of Year	\$ 8,418,781	\$ 1,405,958	\$ 9,824,739	\$ 4,577,217	\$ 887,021	\$ 5,464,238

See notes to financial statements

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Statements of Cash Flows

	Year Ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,360,501	\$ 3,491,429
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	80,701	77,425
Bad debt expense	-	179,994
Net realized and unrealized (gain) loss on investments	49,741	(319,857)
Net gain on sale of equipment	(37,810)	(19,339)
Net change in in-kind inventory	(738,824)	(386,426)
Forgiveness of Paycheck Protection Program loan (Note 2)	(376,070)	(1,075,825)
Contributions for building fund	(769,152)	-
Changes in:		
Prepaid expenses and other assets	(240,751)	242,619
Purchased inventory	(13,227)	34,785
Accounts payable	159,781	(39,528)
Accrued payroll and payroll taxes	13,333	(25,830)
Grants payable	115,504	(39,380)
Deferred revenue	(9,804)	(53,006)
Net Cash Provided by Operating Activities	2,593,923	2,067,061
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(119,289)	(47,747)
Proceeds from sale of property and equipment	39,500	28,600
Purchase of investments	(3,434,597)	(931,416)
Proceeds from sale of investments	1,299,785	871,280
Net Cash Used by Investing Activities	(2,214,601)	(79,283)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	-	(1,250,000)
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	(33,842)	(30,190)
Contributions for building fund	769,152	-
Net Cash Provided by Financing Activities	735,310	321,705

See notes to financial statements

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Statements of Cash Flows (continued)

	Year Ended March 31,	
	<u>2022</u>	<u>2021</u>
Change in Cash and Cash Equivalents and Restricted Cash	1,114,632	2,309,483
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>4,320,133</u>	<u>2,010,650</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u>\$ 5,434,765</u>	<u>\$ 4,320,133</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 14,050</u>	<u>\$ 23,149</u>
Forgiveness of Paycheck Protection Program loan (Note 2)	<u>\$ 376,070</u>	<u>\$ 1,075,825</u>

See notes to financial statements

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Statement of Functional Expenses

Year Ended March 31, 2022

	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	\$ 18,646,837	\$ -	\$ 18,646,837	\$ -	\$ -	\$ -	\$ -	\$ 18,646,837
Contributions to ministry partners	9,831,168	142,802	9,973,970	-	48,381	48,381	-	10,022,351
Payroll and employee benefits	964,029	176,890	1,140,919	1,583,594	1,032,557	2,616,151	-	3,757,070
Postage and freight	592,946	4	592,950	61,401	332,912	394,313	-	987,263
Printing and mailing	-	41,869	41,869	14,869	375,510	390,379	-	432,248
Professional fees	-	512	512	907,427	64	907,491	-	908,003
Travel	54,888	104	54,992	73,556	56,736	130,292	-	185,284
Special events	-	-	-	-	106,990	106,990	332,235	439,225
Taxes and licenses	-	-	-	255,958	-	255,958	-	255,958
Promotional	-	-	-	69,794	97,747	167,541	-	167,541
Rent	98,625	1,222	99,847	11,059	1,253	12,312	-	112,159
Depreciation	14,598	676	15,274	65,342	85	65,427	-	80,701
Other	54,434	7,546	61,980	350,074	51,648	401,722	-	463,702
Total expenses	30,257,525	371,625	30,629,150	3,393,074	2,103,883	5,496,957	332,235	36,458,342
Less cost of direct benefit to donors	-	-	-	-	-	-	(332,235)	(332,235)
Total expenses on statements of activities	\$ 30,257,525	\$ 371,625	\$ 30,629,150	\$ 3,393,074	\$ 2,103,883	\$ 5,496,957	\$ -	\$ 36,126,107

See notes to financial statements

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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	<u>25,447,414</u>	<u>401,546</u>	<u>25,848,960</u>	<u>2,817,933</u>	<u>1,541,179</u>	<u>4,359,112</u>	<u>37,719</u>	<u>30,245,791</u>
Less cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,719)</u>	<u>(37,719)</u>
Total expenses on statements of activities	<u>\$ 25,447,414</u>	<u>\$ 401,546</u>	<u>\$ 25,848,960</u>	<u>\$ 2,817,933</u>	<u>\$ 1,541,179</u>	<u>\$ 4,359,112</u>	<u>\$ -</u>	<u>\$ 30,208,072</u>

See notes to financial statements

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Notes to Financial Statements

March 31, 2022 and 2021

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. This ministry was temporarily stopped in March 2020 until further notice, due to the implications of Covid-19.

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 AND RESTRICTED CASH

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. Restricted cash includes cash held for a building project. The carrying amount approximates fair value because of the short maturity of those instruments. The Organization utilizes a sweep account to minimize its exposure on uninsured balances. As of March 31, 2022 and 2021, the cash accounts exceeded FDIC insured limits by approximately \$296,000 and \$689,000, 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, the Organization had no restricted cash.

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Notes to Financial Statements

March 31, 2022 and 2021

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 their 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.

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 as of March 31, 2021. The Organization recognizes any recovery of previously allowed for notes receivable as other income in the statements of activities in the year payments are received.

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 \$19,385,661 and \$16,579,020 for the years ended March 31, 2022 and 2021, respectively.

For the years ended March 31, 2022 and 2021, \$15,988,695 and \$13,631,555, respectively, of donated inventory was delivered to the Organization before being distributed and the remaining amounts of \$2,658,142 and \$2,561,039, respectively, were shipped directly from the donor to other organizations. As of March 31, 2022 and 2021, \$1,357,285 and \$618,461, 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.

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Notes to Financial Statements

March 31, 2022 and 2021

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, 2022 and 2021.

INTENTIONS TO GIVE

During the year ended March 31, 2022, the Organization began an approximately two year campaign called Building Hope for funding the construction of a new warehouse for the Organization to own rather than renting warehouse space. As of March 31, 2022, there were approximately \$335,000 of outstanding intentions to give towards the Building Hope campaign. The intentions to give may be rescinded by the donors at any time and are not considered to be unconditional promises to give. Intentions to give are not recognized as contributions with donor restrictions until received. The warehouse project is funded by this campaign, cash reserves, and a construction line of credit as needed (Note 8).

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Notes to Financial Statements

March 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

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.

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Notes to Financial Statements

March 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 was recognized as grant revenue for the year ended March 31, 2022. As of March 31, 2022, the Organization has received forgiveness from the SBA for this second draw of the PPPL.

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 a component of net assets without donor restrictions and include funds set aside to begin funding a retirement plan for the Organization's Founder and funds set aside for scholarships. 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.

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Notes to Financial Statements

March 31, 2022 and 2021

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.

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Notes to Financial Statements

March 31, 2022 and 2021

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of March 31, 2022 and 2021, 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,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 4,665,613	\$ 4,320,133
Restricted cash	769,152	-
Investments	2,133,117	1,126,312
Investments held for long term purposes	1,281,042	202,776
Financial assets, at year end	8,848,924	5,649,221
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors in perpetuity	-	(64,300)
Subject to appropriation from endowment beyond one year	-	(33,383)
Restricted cash	(769,152)	-
Restrictions by donors with time or purpose restrictions	-	(54,708)
Board designated net assets	(1,281,042)	(1,028,192)
	(2,050,194)	(1,180,583)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,798,730	\$ 4,468,638

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, 2022 and 2021, the Organization has \$1,405,958 and \$822,721, respectively, in net assets with donor restrictions for projects, bibles, and other purposes, of which \$636,806 and \$734,630, 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 \$1,000,000 and \$1,250,000 for the years ended March 31, 2022 and 2021, respectively, of which the Organization had borrowing capacity of \$1,000,000 and \$1,250,000 available as of March 31, 2022 and 2021, respectively (Note 7).

WORLD HELP

Notes to Financial Statements

March 31, 2022 and 2021

4. INVESTMENTS:

Investments consist of:

	March 31,	
	2022	2021
Investments at cost:		
Cash equivalents	\$ 40,889	\$ 18,695
Note receivable—net	-	8,000
Closely held stock	3,658	3,658
	44,547	30,353
Investments at fair value (Level 1):		
Marketable equity securities	170,376	144,847
Exchange-traded funds	1,795,373	281,458
Mutual funds	1,403,863	872,430
	\$ 3,414,159	\$ 1,329,088

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

	March 31,	
	2022	2021
Investments	\$ 2,133,117	\$ 1,126,312
Investment held for long-term purposes	1,281,042	202,776
	\$ 3,414,159	\$ 1,329,088

Investment income reported in the statements of activities consists of:

	Year Ended March 31,	
	2022	2021
Interest and dividends	\$ 93,735	\$ 26,931
Net realized and unrealized gains (losses) on investments	(49,741)	319,857
	\$ 43,994	\$ 346,788

WORLD HELP

Notes to Financial Statements

March 31, 2022 and 2021

5. INVENTORY:

Inventory consists of:

	March 31,	
	2022	2021
Donated medical supplies	\$ 1,048,825	\$ 241,366
Donated clothing and other	308,460	377,095
Books and media	30,741	17,514
	\$ 1,388,026	\$ 635,975

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	March 31, 2022		
	Cost	Accumulated Depreciation	Net
Land	\$ 144,406	\$ -	\$ 144,406
Buildings	659,272	(388,065)	271,207
Office equipment	414,802	(357,770)	57,032
Office furniture	28,816	(26,578)	2,238
Transportation equipment	220,004	(216,921)	3,083
	1,467,300	(989,334)	477,966
Construction in process	95,472	-	95,472
	\$ 1,562,772	\$ (989,334)	\$ 573,438
	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

Depreciation expense for the years ended March 31, 2022 and 2021, was \$80,701 and \$77,425, respectively.

WORLD HELP

Notes to Financial Statements

March 31, 2022 and 2021

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. As of December 20, 2021, the available line of credit was reduced to \$1,000,000. The outstanding balance and any unpaid interest is payable on demand. As of March 31, 2022 and 2021, there was no outstanding balance.

8. NOTES PAYABLE:

Notes payable consists of:

	<u>March 31,</u>	
	<u>2022</u>	<u>2021</u>
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.	\$ 147,625	\$ 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.	<u>943</u>	<u>12,062</u>
	<u>\$ 148,568</u>	<u>\$ 162,062</u>

Future estimated maturities of notes payable are as follows:

<u>Year Ending March 31,</u>	
2023	\$ 4,311
2024	3,772
2025	3,877
2026	3,985
2027	4,096
Thereafter	<u>128,527</u>
	<u>\$ 148,568</u>

WORLD HELP

Notes to Financial Statements

March 31, 2022 and 2021

8. NOTES PAYABLE, continued:

CONSTRUCTION LOAN AGREEMENT

On December 20, 2021, the Organization entered into a construction loan agreement for a principal amount not to exceed \$1,524,500 and is secured by the Organization's real property as defined in the agreement. The loan will be disbursed based on the Organization applying for advances as the construction progresses and costs are incurred. The loan's initial interest rate is variable, based upon prime + .125%, and can reset daily based upon changes in the index rate. Monthly interest payments are due during the first 12 months of the agreement once borrowing is initiated. Monthly principal and interest payments begin January 20, 2023, based upon the variable index rate as defined in the agreement. Any unpaid principal and interest is due at maturity on December 20, 2031. As of March 31, 2022, no advances on the loan have been made. (Note 17).

DEBT COVENANTS

The Organization is currently in compliance with or had obtained waivers for all debt covenant requirements as of March 31, 2022 and 2021.

9. OBLIGATION UNDER CAPITAL LEASE:

The Organization has a capital lease agreement for office equipment. There are no future minimum payments under the capital lease. The net book value of the related equipment is as follows:

	March 31,	
	2022	2021
Office equipment, at capitalized cost	\$ 75,943	\$ 75,943
Less: accumulated amortization	(71,197)	(52,211)
	<u>\$ 4,746</u>	<u>\$ 23,732</u>

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Notes to Financial Statements

March 31, 2022 and 2021

10. NET ASSETS:

Net assets consists of:

	March 31,	
	2022	2021
Without donor restrictions:		
Available for operations	\$ 7,137,739	\$ 3,549,025
Board designated - scholarship fund	793,123	655,435
Board designated - retirement fund	487,919	372,757
Total without donor restrictions	8,418,781	4,577,217
With donor restrictions:		
Subject to expenditure for specified purpose or passage of time:		
Building fund	769,152	-
Ministry projects	594,964	700,506
Bibles	10,550	36,215
Term endowment	-	46,708
Other purposes	31,292	39,292
	1,405,958	822,721
Subject to restriction in perpetuity:		
Endowment fund	-	64,300
Total with donor restrictions	1,405,958	887,021
Total net assets	\$ 9,824,739	\$ 5,464,238

During the year ended March 31, 2022, the Organization received permission from the donors to the endowment fund to release the original gift amount of the endowment fund. The Organization reclassified these amounts to net assets without donor restrictions.

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Notes to Financial Statements

March 31, 2022 and 2021

10. NET ASSETS, continued:

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

	Net Assets March 31, 2021	Restricted Contributions	Amounts Released	Net Assets March 31, 2022
Building fund	\$ -	\$ 769,152	\$ -	\$ 769,152
Ministry projects	700,506	594,845	(700,387)	594,964
Bibles	36,215	10,111	(35,776)	10,550
Term endowment	46,708	-	(46,708)	-
Other purposes	39,292	-	(8,000)	31,292
	\$ 822,721	\$ 1,374,108	\$ (790,871)	\$ 1,405,958
	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

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,	
	2022	2021
Contributions	\$ 1,872,184	\$ 1,714,024
Revenue	281,662	29,832
Less: direct expenses	(332,235)	(37,719)
	\$ 1,821,611	\$ 1,706,137

WORLD HELP

Notes to Financial Statements

March 31, 2022 and 2021

12. COMMITMENTS:

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 for both the years ended March 31, 2022 and 2021, respectively.

Future minimum lease payments under the operating leases are:

<u>Year Ending March 31,</u>	
2023	\$ 54,584
2024	6,513
	<hr/>
	\$ 61,097
	<hr/> <hr/>

LETTERS OF CREDIT

Related to the construction project for the warehouse, the Organization is required to maintain letters of credit totaling \$42,069 and \$92,248 as of March 31, 2022, with the County of Bedford, Virginia, and Bedford Regional Water Authority as the beneficiaries, respectively. The letters of credit are secured by a deed of trust on the land and building. The letters of credit will expire no later than March 25, 2023.

CONSTRUCTION AGREEMENT

The Organization has a construction project in process to build an onsite warehouse for inventory at March 31, 2022, and costs to complete this project are estimated at approximately \$2,149,000. These costs will be funded by building fund contributions (Note 10) and a construction loan (Note 8).

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 \$47,509 and \$45,949 for the years ended March 31, 2022 and 2021, respectively.

14. RELATED PARTY TRANSACTIONS:

Members of the board of directors, individually or through their business interests, contributed approximately \$1,868,000 and \$1,217,000 to the Organization during the years ended March 31, 2022 and 2021, respectively.

WORLD HELP

Notes to Financial Statements

March 31, 2022 and 2021

15. DONOR CONCENTRATION:

Four donors provided approximately 86% of donated inventory received by the Organization for the year ended March 31, 2022. Five donors provided approximately 83% of donated inventory received by the Organization for the year ended March 31, 2021, of which three donors were the same as for the year ended March 31, 2022. The organizational implications of these concentrations are recognized by management and the board.

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 21, 2022, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.