

**HELPERS COMMUNITY, INC.**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Helpers Community, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Helpers Community, Inc. (a nonprofit organization) which comprise the Statement of Financial Position – Modified Cash Basis as of December 31, 2017, and the related Statements of Activities, Functional Expenses, and Cash Flows – Modified Cash Basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### Auditors' 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 auditors' 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 AUDITORS' REPORT

continued

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### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Helpers Community, Inc. as of December 31, 2017, and its support, revenue and expenses, functional expenses and cash flows for the year then ended in accordance with the modified cash basis of accounting as describe in Note 2.

### Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Prior Period Financial Statements

The financial statements of Helpers Community, Inc. as of December 31, 2016 were audited by other auditors whose report dated October 12, 2017 expressed an unmodified opinion on those statements.

*Harrington Group*

San Francisco, California  
July 9, 2018

## HELPERS COMMUNITY, INC.

### STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS

December 31, 2017

With comparative totals at December 31, 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash	\$ 577,574	\$ 309,390
Investment (Note 3)	5,190,025	6,134,639
Property and equipment	<u>155,592</u>	<u>157,802</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,923,191</u></u>	<u><u>\$ 6,601,831</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 510	\$ 16,338
Accrued liabilities	<u>4,418</u>	<u>1,803</u>
<b>TOTAL LIABILITIES</b>	<u>4,928</u>	<u>18,141</u>
<b>NET ASSETS</b>		
Unrestricted	<u>5,918,263</u>	<u>6,583,690</u>
<b>TOTAL NET ASSETS</b>	<u><u>5,918,263</u></u>	<u><u>6,583,690</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 5,923,191</u></u>	<u><u>\$ 6,601,831</u></u>

The accompanying notes are an integral part of these financial statements.

## HELPERS COMMUNITY, INC.

### STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	<u>2017</u>	<u>2016</u>
<b>REVENUE AND SUPPORT</b>		
Gain on investments	\$ 637,819	\$ 161,288
Interest and dividends	201,634	216,661
Income from store operations net of, cost of goods sold of \$1,515	82,524	340,486
In-kind contributions	44,743	213,829
Donations	7,853	38,173
Other revenue	230	135,735
Special events	-	192,432
	<u>974,803</u>	<u>1,298,604</u>
<b>TOTAL REVENUE AND SUPPORT</b>		
	<u>974,803</u>	<u>1,298,604</u>
<b>EXPENSES</b>		
Program services	1,171,151	716,694
General and administrative	446,752	117,063
Fundraising	22,327	374,631
	<u>1,640,230</u>	<u>1,208,388</u>
<b>TOTAL EXPENSES</b>		
	<u>1,640,230</u>	<u>1,208,388</u>
<b>CHANGES IN NET ASSETS</b>	(665,427)	90,216
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>6,583,690</u>	<u>6,493,474</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 5,918,263</u>	<u>\$ 6,583,690</u>

The accompanying notes are an integral part of these financial statements.

**HELPERS COMMUNITY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	<u>Program</u>	<u>General and</u>		<u>Total Expenses</u>	
	<u>Services</u>	<u>Administrative</u>		<u>Fundraising</u>	<u>2017</u>
Salaries and wages	\$ 84,147	\$ 71,845	\$ 7,959	\$ 163,951	\$ 330,098
Payroll taxes	5,714	3,761	646	10,121	21,227
Employee benefit programs	8,375	7,150	792	16,317	43,753
Total personnel costs	<u>98,236</u>	<u>82,756</u>	<u>9,397</u>	<u>190,389</u>	<u>395,078</u>
Donations and grants	1,000,300			1,000,300	351,335
Professional fees	3,312	175,752		179,064	75,966
Repairs and maintenance		127,277		127,277	86,237
Occupancy	5,235	52,477		57,712	13,809
Donated space	44,743			44,743	185,125
Insurance	8,596	3,538	2,149	14,283	18,065
Telephone	4,478	949	35	5,462	4,399
Supplies	1,317	1,492	1,772	4,581	7,712
Dues and subscriptions		56	4,351	4,407	4,286
Depreciation	2,144	1,111		3,255	2,312
Bank charges	1,974	566	403	2,943	7,254
Printing	66		2,743	2,809	10,168
Postage and delivery	750	180	1,455	2,385	7,553
Travel		431	22	453	2,309
Miscellaneous		167		167	11
Public relations				-	8,065
Donated supplies				-	28,704
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<b><u>\$ 1,171,151</u></b>	<b><u>\$ 446,752</u></b>	<b><u>\$ 22,327</u></b>	<b><u>\$ 1,640,230</u></b>	
<b>TOTAL 2016 FUNCTIONAL EXPENSES</b>	<b><u>\$ 716,694</u></b>	<b><u>\$ 117,063</u></b>	<b><u>\$ 374,631</u></b>		<b><u>\$ 1,208,388</u></b>

The accompanying notes are an integral part of these financial statements.

## HELPERS COMMUNITY, INC.

### STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (665,427)	\$ 90,216
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	3,255	2,312
(Gain) on investments	(637,819)	(161,288)
Reinvested interests and dividends	(201,634)	(216,661)
Increase (decrease) in operating liabilities:		
Accounts payable	(15,828)	2,222
Accrued liabilities	2,615	2,164
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<u>(1,514,838)</u>	<u>(281,035)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	3,365,965	390,579
Purchase of investments	(1,581,898)	(42,336)
Purchase of property and equipment	(1,045)	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>1,783,022</u>	<u>348,243</u>
<b>NET INCREASE IN CASH</b>	268,184	67,208
<b>CASH, BEGINNING OF YEAR</b>	<u>309,390</u>	<u>242,182</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 577,574</u></u>	<u><u>\$ 309,390</u></u>

The accompanying notes are an integral part of these financial statements.



# HELPERS COMMUNITY, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. **Organization**

Helpers Community, Inc., formerly Helpers of the Mentally Retarded, is a California not-for-profit public benefit corporation that is dedicated to supporting individuals with developmental disabilities and the organizations that serve them in the greater SF Bay Area. Revenue for this support comes from sales of donated clothing, jewelry, and household goods, as well as some purchased goods to supplement, as well as financial donations from individuals and estates.

In 2017, Helpers Community, Inc. donated over \$1 million to organizations that serve individuals with developmental disabilities.

For over 50 years, Helpers Community, Inc. has had a store, Helpers Bazaar, in Ghirardelli Square. All purchases have supported individuals with developmental disabilities. Starting in Fall of 2017, the store is 100% staffed by individuals with developmental disabilities training for careers in Retail in partnership with their support organizations. In addition to donated items, the store features art and beautiful handmade items created by artisans with developmental disabilities in the greater SF Bay Area. The store has a goal of 1/3 of all products on display being created by these talented individuals.

Helpers Community, Inc. has also operated a House of Couture, located in one of its properties, where it sold donated jewelry and clothing. House of Couture is now closed and the inventory is now being sold to individuals and brokers, with all proceeds going to grants to organizations that serve individuals with developmental disabilities in California.

In 2017, Helpers Community, Inc. made donations of an enormous array of clothing, sewing, and craft items to nonprofit organizations whose customers appreciate and use these items, including Fabrix, SCRAP, East Bay Depot, California College of the Arts, RAFT and more. Helpers Community, Inc. also shared clothing, records, and books that had been donated with SF Goodwill.

In late 2017, Helpers Community, Inc. began renovating one of its homes to create a Group Home for individuals with developmental disabilities who need some support to live in the community. The timeline for this home to become licensed and operational is by mid-2018, with another home to be similarly renovated and licensed by end of 2018.

### 2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the modified cash basis of accounting which differs from accounting principles generally accepted in the United States of America. Such differences result primarily from the non-recognition of receivables and accounts payable to vendors and their related effects on the change in net assets.

continued

## HELPERS COMMUNITY, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### **Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Helpers Community, Inc. are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**Temporarily Restricted.** Helpers Community, Inc. reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions. Helpers Community, Inc. had no temporarily restricted net assets at December 31, 2017.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit Helpers Community, Inc. to expend all of the income (or other economic benefits) derived from the donated assets. Helpers Community, Inc. had no permanently restricted net assets at December 31, 2017.

##### **Cash**

Helpers Community, Inc. considers all short-term investments with an original maturity date of three months or less to be cash. Short-term investments with an original maturity greater than three months are included in investments. Helpers Community, Inc. reports cash held in investment accounts at year-end as cash.

##### **Concentration of Credit Risks**

Helpers Community, Inc. places its cash accounts with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Helpers Community, Inc. has not incurred losses related to these investments.

Helpers Community, Inc. holds investments in the form of equities and mutual funds. The Board of Directors routinely review the market values of such investments.

## HELPERS COMMUNITY, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### **Income Taxes**

Helpers Community, Inc. is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Management has considered its tax positions and believes that all of the positions taken by Helpers Community, Inc. in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Helpers Community, Inc.'s returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

##### **Fair Value Measurements**

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statements elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted process in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

Helpers Community, Inc. is required to measure certain investments and donated space at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

##### **Property and Equipment**

Property and equipment is carried at cost, or, in the case of donated property, at fair market value at the date of the gift. Maintenance and repairs are charged to expense. Renewals and betterments which substantially extend the useful life of property and equipment are capitalized.

Depreciation of property and equipment is recorded on a straight-line basis over the estimated useful lives of the assets. Buildings and improvements are depreciated over a 10 to 20 year period and furniture and equipment over 5 and 7 year periods.

##### **Functional Allocation of Expenses**

Helpers Community, Inc. allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using appropriate methods.

## HELPERS COMMUNITY, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### Use of Estimates

The preparation of financial statements on the modified cash basis of accounting requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

##### Comparative Totals

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to activities by function. Accordingly, such information should be read in conjunction with Helpers Community, Inc.'s financial statements for the year ended December 31, 2016, from which the summarized information was derived.

##### Reclassification

Certain amounts from the December 31, 2016 financial statements have been reclassified to conform to the December 31, 2017 presentation.

#### 3. Investments

Investments at December 31, 2017 consist of the following:

Equities	\$3,174,886
Mutual funds	<u>2,015,139</u>
	<u>\$5,190,025</u>

Investment income for the year ended December 31, 2017 are as follows:

Gain on investments	\$637,819
Interest and dividends	<u>201,634</u>
	<u>\$839,453</u>

continued

## HELPERS COMMUNITY, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 4. Property and Equipment

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

Land and building	\$ 698,798
Store	78,196
Furniture and fixtures	<u>13,125</u>
	790,119
Less: accumulated depreciation	<u>(634,527)</u>
	<u>\$ 155,592</u>

Depreciation expense during the year ended December 31, 2017 was \$3,255.

#### 5. Fair Value Measurements

The table below presents the balances of assets measured at fair value on a recurring basis during the years ended December 31, 2017:

<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Large blend	\$1,289,084	\$ -	\$ -	\$1,289,084
Large value	1,209,215			1,209,215
Large growth	<u>676,587</u>	<u>          </u>	<u>          </u>	<u>676,587</u>
Total equities	<u>3,174,886</u>	<u>          </u>	<u>          </u>	<u>3,174,886</u>
Mutual funds				
Large blend	1,162,895			1,162,895
Foreign large blend	292,685			292,685
Health large growth	284,271			284,271
Foreign large growth	<u>275,288</u>	<u>          </u>	<u>          </u>	<u>275,288</u>
Total mutual funds	<u>2,015,139</u>	<u>          </u>	<u>          </u>	<u>2,015,139</u>
Fair value at December 31, 2017	<u>\$5,190,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,190,025</u>

The fair values of equities and mutual funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

continued

## HELPERS COMMUNITY, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 5. Fair Value Measurements, continued

The table below shows transactions measured at fair value on a non-recurring basis during the year ended December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated space	\$ _____ -	\$44,743	\$ _____ -	\$44,743

The fair value of donated space has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

#### 6. Litigation

Helpers Community, Inc. is a defendant in two claims and lawsuits arising from the normal course of business. Both claims involve former employees who filed suits relating to severance pay and overtime. Management intends to defend the organization vigorously in these matters. It is not possible at this time to predict the probable outcome or the extent of Helpers Community, Inc.'s liability, if any.

#### 7. Subsequent Events

Subsequent to year end the Board of Director elected to sell a property located at 2614 Fulton Street, San Francisco, CA, the purchase price was \$1,400,000. The financial statements as of December 31, 2017 do not include any adjustments resulting from this transaction.

Management has evaluated subsequent events through July 9, 2018, the date which the financial statements were available for issue. No other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.