



## **Helping Hand for Relief and Development, Inc.**

**Consolidated Financial Statements and  
Supplementary Information**  
Year Ended December 31, 2022

# **Helping Hand for Relief and Development, Inc.**

---

Consolidated Financial Statements and Supplementary Information  
Year Ended December 31, 2022

# Helping Hand for Relief and Development, Inc.

## Contents

---

<b>Independent Auditor's Report</b>	3-5
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position as of December 31, 2022	7
Consolidated Statement of Activities for the Year Ended December 31, 2022	8
Consolidated Statement of Functional Expenses for the Year Ended December 31, 2022	9-10
Consolidated Statement of Cash Flows for the Year Ended December 31, 2022	11
Notes to Consolidated Financial Statements	12-21
<b>Supplementary Information</b>	
Independent Auditor's Report on Supplementary Information	23
Consolidating Schedule of Financial Position as of December 31, 2022	24
Consolidating Schedule of Activities for the Year Ended December 31, 2022	25



## Independent Auditor's Report

The Board of Directors  
Helping Hand for Relief and Development, Inc.  
Southfield, Michigan

### *Qualified Opinion*

We have audited the consolidated financial statements of Helping Hand for Relief and Development, Inc. (a nonprofit organization) and its affiliates (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of any of the Organization's affiliates (Helping Hand for Relief & Development, Pakistan, Jordan, Kenya, Somalia, Uganda, Tanzania, Afghanistan, and Nepal), which statements reflect total assets of \$11,887,276 as of December 31, 2022, and the total support and revenue of \$35,099,576, for the year then ended as related to the consolidated totals. Those statements were audited by other auditors in accordance with International Auditing Standards, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for affiliates operations, is based solely on the reports and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by the other auditors.

### *Basis for Qualified Opinion*

We did not observe the Organization's physical inventory, stated in the accompanying consolidated financial statements at \$11,671,471 as of December 31, 2022. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, and the elements making up the statements of activities, functional expenses and cash flows.

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

### ***Emphasis of Matter***

As discussed in Note 9 to the consolidated financial statements, beginning net assets have been restated to correct a misstatement between net assets with donor restrictions and net assets without donor restrictions. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risk. 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 the Organization'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization'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.

*BDO USA, P.C.*

December 8, 2023

## **Consolidated Financial Statements**

---

# Helping Hand for Relief and Development, Inc.

## Consolidated Statement of Financial Position

<i>December 31,</i>	<i>2022</i>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents (Note 2)	\$ 48,854,691
Investments (Note 2)	2,585,557
Pledges receivable	938,664
Microfinance loan, net of allowance	7,407
Inventory	11,671,471
Advances and prepaid expenses	1,374,591
Income tax receivable	121,519
<b>Total Current Assets</b>	<b>65,553,900</b>
<b>Property and equipment, net (Note 4)</b>	<b>1,831,057</b>
<b>Other Assets</b>	
Operating lease right of use assets	787,986
Long-term investments	250,881
<b>Total Other Assets</b>	<b>1,038,867</b>
<b>Total Assets</b>	<b>\$ 68,423,824</b>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 753,137
Accrued liabilities	295,198
Current portion of operating lease liabilities (Note 8)	355,633
<b>Total Current Liabilities</b>	<b>1,403,968</b>
<b>Operating Lease Liabilities, net of current portion (Note 8)</b>	<b>432,353</b>
<b>Total Liabilities</b>	<b>1,836,321</b>
<b>Net Assets</b>	
Net assets without donor restrictions (Note 7)	34,085,919
Net assets with donor restrictions (Note 7)	32,501,584
<b>Total Net Assets</b>	<b>66,587,503</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 68,423,824</b>

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



# Helping Hand for Relief and Development, Inc.

## Consolidated Statement of Activities

*Year ended December 31, 2022*

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>Revenue and Other Support</b>			
Contributions	\$ 10,367,362	\$ 45,684,950	\$ 56,052,312
In-kind revenue	27,190,152	-	27,190,152
Investment return, net	(466,052)	-	(466,052)
Miscellaneous income	5,963	-	5,963
Net assets released from restrictions:			
Satisfaction of donor restrictions (Note 7)	34,856,252	(34,856,252)	-
<b>Total Revenue and Other Support</b>	<b>71,953,677</b>	<b>10,828,698</b>	<b>82,782,375</b>
<b>Expenses</b>			
Program services:			
Education	3,279,003	-	3,279,003
Health and medical	7,231,337	-	7,231,337
Orphans	7,755,288	-	7,755,288
Emergency	28,229,873	-	28,229,873
Water for life	3,769,948	-	3,769,948
Community development	2,149,712	-	2,149,712
Seasonal	6,583,449	-	6,583,449
<b>Total Program Services</b>	<b>58,998,610</b>	<b>-</b>	<b>58,998,610</b>
Supporting services:			
Management and general	2,943,708	-	2,943,708
Fundraising	4,246,175	-	4,246,175
<b>Total Supporting Services</b>	<b>7,189,883</b>	<b>-</b>	<b>7,189,883</b>
<b>Total Expenses</b>	<b>66,188,493</b>	<b>-</b>	<b>66,188,493</b>
<b>Operating Income</b>	<b>5,765,184</b>	<b>10,828,698</b>	<b>16,593,882</b>
<b>Other Non-Operating Activities</b>			
Other income	575,203	-	575,203
Other expense	(448,061)	-	(448,061)
Foreign currency translation adjustments	(2,319,387)	-	(2,319,387)
<b>Total Other Non-Operating Activities</b>	<b>(2,192,245)</b>	<b>-</b>	<b>(2,192,245)</b>
<b>Change in Net Assets</b>	<b>3,572,939</b>	<b>10,828,698</b>	<b>14,401,637</b>
<b>Net Assets, beginning of year, as restated (Note 9)</b>	<b>30,512,980</b>	<b>21,672,886</b>	<b>52,185,866</b>
<b>Net Assets, end of year</b>	<b>\$ 34,085,919</b>	<b>\$ 32,501,584</b>	<b>\$ 66,587,503</b>

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

## Helping Hand for Relief and Development, Inc.

### Consolidated Statement of Functional Expenses

*Year ended December 31, 2022*

	Program Services					
	Education	Health and Medical	Orphans	Emergency	Water for Life	Community Development
Program expenditures	\$ 2,792,118	\$ 6,843,319	\$ 7,036,413	\$ 24,974,141	\$ 2,428,479	\$ 2,092,577
Salaries and wages	319,861	255,889	447,806	1,919,168	959,584	-
Employee benefits	77,597	62,077	108,635	465,580	232,790	-
Payroll taxes and processing	28,940	11,576	28,940	173,637	57,879	-
Contractors	-	-	-	-	-	-
Legal and professional	-	-	-	-	-	-
Advertising and marketing	23,032	23,032	23,032	57,580	23,032	23,032
Events and seminars	15,852	15,852	15,852	39,631	15,852	15,852
Telephone and internet	-	-	-	27,565	-	-
Travel	-	-	-	130,778	-	-
Postage	5,548	5,548	27,741	152,575	13,870	5,548
Insurance	3,352	1,341	3,352	20,110	6,703	-
Office expenses	12,703	12,703	63,517	254,068	31,759	12,703
Bank, credit card, and service charges	-	-	-	15,040	-	-
Miscellaneous	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
<b>Total</b>	<b>\$ 3,279,003</b>	<b>\$ 7,231,337</b>	<b>\$ 7,755,288</b>	<b>\$ 28,229,873</b>	<b>\$ 3,769,948</b>	<b>\$ 2,149,712</b>

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

## Helping Hand for Relief and Development, Inc.

### Consolidated Statement of Functional Expenses

Year ended December 31, 2022

	Program Services		Supporting Services			Total Expenditures
	Seasonal	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Program expenditures	\$ 5,666,816	\$ 51,833,863	\$ -	\$ -	\$ -	\$ 51,833,863
Salaries and wages	639,723	4,542,031	1,269,224	1,151,500	2,420,724	6,962,755
Employee benefits	155,193	1,101,872	205,785	279,348	485,133	1,587,005
Payroll taxes and processing	57,879	358,851	75,243	144,698	219,941	578,792
Contractors	-	-	22,141	37,891	60,032	60,032
Legal and professional	-	-	472,673	-	472,673	472,673
Advertising and marketing	23,032	195,772	21,652	955,821	977,473	1,173,245
Events and seminars	15,852	134,743	17	657,873	657,890	792,633
Telephone and internet	-	27,565	44,104	38,591	82,695	110,260
Travel	-	130,778	175,366	217,963	393,329	524,107
Postage	5,548	216,378	41,611	19,419	61,030	277,408
Insurance	6,703	41,561	17,660	16,759	34,419	75,980
Office expenses	12,703	400,156	289,854	139,737	429,591	829,747
Bank, credit card, and service charges	-	15,040	207,148	586,575	793,723	808,763
Miscellaneous	-	-	27,577	-	27,577	27,577
Bad debt expense	-	-	628	-	628	628
Depreciation	-	-	73,025	-	73,025	73,025
<b>Total</b>	<b>\$ 6,583,449</b>	<b>\$ 58,998,610</b>	<b>\$ 2,943,708</b>	<b>\$ 4,246,175</b>	<b>\$ 7,189,883</b>	<b>\$ 66,188,493</b>

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

# Helping Hand for Relief and Development, Inc.

## Consolidated Statement of Cash Flows

<i>Year ended December 31,</i>	<i>2022</i>
<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 14,401,637
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized loss on investments	204,471
Depreciation	73,025
Gain on disposal of asset	(35,037)
Amortization of operating leases right of use assets	473
(Increase) decrease in assets:	
Pledges receivable	(101,109)
Inventory	(564,031)
Other current assets	(13,663)
Other assets	208,681
Microfinance loan	56,166
Advances and prepaid expenses	(770,002)
Increase (decrease) in liabilities:	
Accounts payable	250,368
Accrued liabilities	29,044
<b>Net Cash Provided by Operating Activities</b>	<b>13,740,023</b>
<b>Cash Flows from Investing Activities</b>	
Purchases of investments	(582,475)
Proceeds from sale of investments	110,839
Purchase of fixed assets	(233,245)
Proceeds from disposal of fixed assets	1,460
<b>Net Cash Used in Investing Activities</b>	<b>(703,421)</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>13,036,602</b>
<b>Effect of Currency Exchange Rate</b>	<b>850,118</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>34,967,971</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 48,854,691</b>

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

# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

---

### 1. Nature of Activities and Summary of Significant Accounting Policies

#### *Nature of Activities*

Helping Hand for Relief and Development, Inc. is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It was incorporated in the State of New York in 1998. The Organization is registered in all 50 states to solicit public funds. The Pakistan organization was established under a different name in 1991 which was changed to Helping Hand for Relief & Development in 2005. The East Africa (Kenya, Uganda, Tanzania, Somalia, South Africa) and Jordan organizations were established in the years 2011 and 2013, respectively. In 2014, the Afghanistan Organization was established. Helping Hand for Relief and Development Nepal (HHRDN) is the local representation of Helping Hand for Relief and Development (HHRD) - USA. It was registered in April, 2017 with the Social Welfare Council of Nepal.

The Organization is involved in the relief and development for individuals and communities, especially in emergency and disaster situations anywhere in the world, with special focus on needy people in Asia and Africa. Its major activities include reconstruction and rehabilitation of the disaster affected areas, mainly by providing Emergency Relief, Food, Shelter, Vocational and Skills Development, Education, Water for Life, Orphans and Widows Support Program, Health facilities and Economic Empowerment and Livelihood Programs.

#### *Principles of Consolidation*

The consolidated financial statements included are those of Helping Hand for Relief and Development - USA, Helping Hand for Relief and Development - Pakistan, Helping Hand for Relief and Development - Kenya, Helping Hand for Relief and Development - Somalia, Helping Hand for Relief and Development - Uganda, Helping Hand for Relief and Development - Tanzania, Helping Hand for Relief and Development - Jordan, Helping Hand for Relief and Development - Afghanistan and Helping Hand for Relief and Development - Nepal (collectively, hereby referred to as the Organization). Helping Hand for Relief and Development - USA has control and economic relationships with the aforementioned eight foreign entities. These foreign entities are nongovernmental organizations (NGOs). These subsidiaries operating in foreign countries are subject to tax laws of the respective countries in which they operate. All the significant intercompany accounts and transactions have been eliminated in consolidation.

#### *Program Services*

**Education** - The Education Program initiates educational projects for the restoration of educational facilities for disaster-affected children and sponsoring of orphan children and needy children for education.

**Health and Medical Services** - The Health and Medical Services Program involves the improvement of individual and community health through education, immunization and other preventive measures. It also includes the operation or funding of mobile clinics, physical rehabilitation centers and renovation of the existing health care infrastructure, health and hygiene education services and ambulance services.

**Orphan Support Program** - The Orphan Support Program operates in different countries and focuses on assisting children in needy situations by providing education and other facilities. Donors are able

# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

---

to sponsor children in need by enhancing education, social well-being and health, while also providing the basic necessities for everyday life.

**Emergency Services** - The Emergency Services program provides immediate support to people affected in natural and man-made disasters/emergencies by providing rehabilitation and developmental relief and services, reconstruction of houses in such areas, and other voluntary support.

**Water for Life** - The Water for Life program sponsors projects for providing clean water/hand pumps, reconstruction of infrastructure of water supply, especially in the areas affected by natural disasters.

**Community Development** - The Community Development program encourages active involvement by engaging people, local and abroad, to engage in enhancing communities through public advocacy and volunteerism. The provision of ways for needy individuals and their communities to sustain themselves and to improve their quality of life; and assistance in reviving the economies of communities devastated by natural and man-made disasters.

**Seasonal** - The Seasonal program helps marginalized families enjoy the celebration of Eid al-Fitr and Adha through food and meat distribution as well as to provide winter support for families in need.

### **Supporting Services**

**Management and General** - This supporting service category includes the functions necessary to provide Organization oversight, management of financial resources, staffing, and an appropriate work environment.

**Fundraising** - This supporting service category includes functions that encourage individuals and corporations to engage financially in support of the ongoing work of the Organization.

### **Basis of Accounting**

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting, whereby revenue and other support are recognized when earned and expenses are recognized when incurred.

Net assets and changes therein are classified and reported as follows:

**Without Donor Restrictions** - Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's board of directors.

**With Donor Restrictions** - This class consists of net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently by the Organization. The donors of these assets have stipulated that the net assets be invested and that any income earned be utilized for purposes. The Organization reports gifts of cash and other

# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

---

assets as revenue with donor restrictions 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 purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. See Note 7 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

### *Cash and Cash Equivalents*

Cash includes cash on hand and cash in checking and savings accounts. For financial statement purposes, the Organization considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

### *Concentrations of Credit Risk*

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization places its cash and cash equivalents with high-credit qualified institutions. At times, the amount of cash and cash equivalents may be in excess of the respective institutions' insurance limits. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any unusual credit risk on cash and cash equivalents.

### *Financial Risks*

The Organization has operations in many countries throughout the world and therefore is subject to varying levels of political and economic volatility across those operations. As a result, the Organization may have financial risks associated with these operations including, but not limited to, such matters as the assessment of additional local taxes and foreign currency risk. Foreign currency exchange rate movements create a degree of risk by affecting the U.S. dollar value of revenues recognized and expenses incurred in foreign currencies. Movements in foreign currency rates also affect the statement of financial position balances denominated in foreign currencies, thereby creating exposure to movements in exchange rates.

### *Investments*

Investments consist of readily marketable mutual funds. These funds primarily invest in dividend paying common stocks, including foreign stocks. These investments are reported at fair value as determined by quoted market prices from national security exchanges.

### *Pledges Receivable*

Pledges receivable includes unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated cash flows. The Organization has determined that it currently does not require an allowance for doubtful accounts.

# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

---

### *Inventory*

The Organization has inventory related to donated items such as medical supplies and clothing. As of December 31, 2022, the Organization had \$11,671,471, in in-kind inventory.

The Organization utilizes three inventory valuation methods during the year ended December 31, 2022. These methods include: (1) current price located on a publicly available website if the inventory item is a match for the website item when donated; (2) Salvation Army prices if the donated items are used (not new); (3) lower of the cost or net realizable value if items are for sale. Inventory received as in-kind contributions is recognized as revenue when received and recorded as expense when received by the recipient organizations.

### *Property, Equipment and Depreciation*

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Depreciation is recorded on a straight-line basis over the estimated useful life of the asset. Management annually reviews these assets to determine whether the carrying values have been impaired. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

### *Prepaid Expenses*

Prepaid expenses primarily represent cash payments made in advance of when the related expenditures are recognized for financial statement purposes.

### *Contributions*

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as contributions with donor restrictions. These contributions also increase net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Contributions are reported at fair value, which is net of estimated uncollectible amounts. The Organization uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Conditional promises to give, including those received under multi-year grant agreements, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before the Organization is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise.



# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

---

### *In-Kind Contributions*

In-kind contributions consist solely of inventory. During 2022, the Organization received \$27,190,152, respectively, in in-kind donations.

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaigns, solicitations and various committee assignments.

### *Functional Allocation of Expenses*

Directly identifiable expenses are charged to the applicable programs and supporting services. Indirect expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Expenses related to more than one function are charged to programs and supporting services using management's estimates of the programs benefitted based on estimated time incurred to support each applicable program. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

### *Fundraising*

The total cost for fundraising activities for the Organization was \$4,246,175 for the year ended December 31, 2022, which includes \$955,821, for advertising and marketing.

### *Foreign Currency Translation*

The functional currency for U.S. activities is the U.S. dollar. The functional currency for foreign activities is the respective local currency. Gains and losses resulting from the translation of local (foreign) currency amounts to the functional currency are included in foreign currency translation adjustments in the consolidated statement of activities. Gains and losses resulting from translating assets and liabilities from the functional currency to U.S. dollars are included as a component of net assets without donor restrictions.

All elements of the consolidated financial statements reflecting the Organization's operations in foreign countries are translated into U.S. dollars using applicable exchange rates. For assets and liabilities, this is the rate in effect at the date of the consolidated statement of financial position. The cumulative translation adjustment is reported as a component of net assets without donor restrictions within the consolidated statement of financial position.

For revenue and expense items, translation is performed using the monthly average exchange rate of the previous month. Realized gains and losses related to the monthly translation are reported as foreign currency transaction adjustments within the consolidated statement of activities.

### *Use of Estimates*

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date

# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

---

of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### ***Income Taxes***

The Organization is organized as a nonprofit corporation and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and contributions to each corporation are deductible for federal tax purposes.

The Organization's income tax filings are subject to audit by various taxing authorities generally for three years after filing. In evaluation of the Organization's activities, management believes its position of tax-exempt status is based on current facts and circumstances, and there have been no uncertain positions taken related to recording income taxes. In the opinion of management, there are no activities unrelated to the purpose of the Organization and, therefore, no tax has been recognized.

### ***Adoption of Accounting Pronouncements***

On January 1, 2022, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, applying the modified retrospective method and the option presented under ASU 2018-11 to transition only active leases with a cumulative effect adjustment as of that date. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard. The package of three expedients includes: 1) the ability to carry forward the historical lease classification, 2) the elimination of the requirement to reassess whether existing or expired agreements contain leases, and 3) the elimination of the requirement to reassess initial direct costs. The Organization also elected the practical expedient related to short-term leases without purchase options reasonably certain to exercise, allowing it to exclude leases with terms of less than 12 months from capitalization for all asset classes. In calculating the right of use asset and lease liability, the Organization elects to combine lease and non-lease components. The Organization's lease terms may include renewal options to extend the lease. The present value of future minimum lease payments includes the renewal option only when they are reasonably certain to be exercised.

The Organization's leases do not provide an implicit rate. In determining present value of future minimum lease payments, the Organization elected the policy to use a risk-free rate as the discount rate.

The adoption of the new standard resulted in the recording of a right-of-use assets and an operating lease liability of \$1,339,671 as of January 1, 2022. The standard did not materially impact the Organization's consolidated net earnings or cash flows. The new standard also had no material impact on liquidity. See Note 8 for further information.

In September 2020, the FASB issued ASU 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. The Organization adopted this ASU as of January 1, 2022 and reports contributed nonfinancial assets as in-kind revenue on the consolidated statement of activities.

# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

---

### 2. Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

*December 31, 2022*

Cash and cash equivalents	\$	48,854,691
Investments		2,585,557
Pledges receivable		938,664
Microfinance loan, net of allowance		7,407
<b>Total financial assets available within one year</b>		<b>52,386,319</b>
Less: amounts unavailable for general expenditures within one year due to:		
Portion of cash and cash equivalents restricted by donors (See Note 7)		(32,501,584)
<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<b>\$</b>	<b>19,884,735</b>

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.

### 3. Fair Value

In accordance with FASB Accounting Standards Codification (ASC) 820 *Fair Value Measurements*, the Organization classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily. The Organization's investments held as of December 31, 2022 are considered Level 1, as shown below:

*December 31, 2022*

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,585,557	\$ -	\$ -	\$ 2,585,557
<b>Total</b>	<b>\$ 2,585,557</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,585,557</b>

*The remainder of this page intentionally left blank.*

# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

---

### 4. Property and Equipment

The fixed assets as of December 31, 2022, are comprised of the following:

	2022	Useful Life (Years)
Land	\$ 441,059	N/A
Building and improvements	1,260,983	20 - 30
Computers	653,085	2 - 5
Office equipment	336,657	4 - 10
Furniture, fixtures and equipment	260,039	4 - 10
Vehicles	372,023	4 - 10
Less: accumulated depreciation	(1,492,789)	2 - 7
<b>Fixed Assets, Net</b>	<b>\$ 1,831,057</b>	

### 5. Microfinance Loans

Notes receivable includes \$125,455 of interest-free loans issued in HHRD - Pakistan during 2022, which are due within a year of issuance. These loans are provided to the needy under Islamic mode of financing.

The Organization applies FASB ASC Topic 310, *Receivables*, for financing these microfinance receivables and the corresponding allowances for losses. Allowances for estimated losses are established based on prior collection experience and observed trends in the rate of default, as well as a consideration of current economic trends and indicators. Loan balances are written off when they are deemed to be ultimately uncollectible. The allowance for estimated losses for the year ended December 31, 2022 was \$118,048.

### 6. Commitments and Contingencies

The Organization is exposed to various contingent liabilities which are not reflected in the accompanying financial statements. The Organization's management is of the opinion that insurance coverage is adequate to cover any potential losses. No such liabilities have been asserted, and therefore, no estimation of loss has been made.

The Organization is also subject to the continuing impact of foreign governments and their policy changes. Such changes could have wide-ranging impact on operations of the Organization. However, there have been no material events occurring in previous years.

*The remainder of this page intentionally left blank.*

# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

---

### 7. Net Assets

Net assets with donor restrictions available for specific programs as of December 31, 2022, was as follows:

Program	
Education	\$ 513,327
Health and medical	511,328
Orphans	10,798,773
Emergency	18,480,256
Water for life	1,522,744
Community development	477,910
Seasonal	197,246
	<hr/>
	\$ 32,501,584

Net assets released from restrictions by incurring expenses satisfying the purpose specified by the donors, or time restrictions, for the year ended December 31, 2022, was as follows:

Program	2022
Education	\$ 3,478,105
Health and medical	4,792,075
Orphans	7,331,169
Emergency	7,863,214
Water for life	3,202,987
Community development	2,113,138
Seasonal	6,075,564
	<hr/>
	\$ 34,856,252

Net assets without donor restrictions at December 31, 2022 is \$34,085,919. Of this amount, \$18,758,116 relates to Zakat. Zakat is a religious obligation to be paid by Muslims who meet the wealth requirements established by the Islamic Faith. The Organization accepts Zakat intended donations which are to be utilized to support the poor and the less fortunate, and to benefit the general welfare of society. In addition, another \$11,671,471 of net assets without donor restrictions relates to nonfinancial assets.

### 8. Operating Leases

The Organization leases facilities under non-cancelable operating lease agreements that expire at various dates through 2028. In addition, the Organization must pay other costs including utilities, insurance, and common area maintenance on certain leases.

During the year ended December 31, 2022, the Organization recognized rent expense associated with operating leases totaling \$646,320 of which \$461,575 relates to lease expense for operating lease assets and \$184,745 relates to short term lease expense.

# Helping Hand for Relief and Development, Inc.

## Notes to the Consolidated Financial Statements

Supplemental cash flow information related to operating leases if as follows:

Cash paid for amounts included in the measurement of operating lease liabilities:	\$	428,062
ROU assets obtained in exchange for operating lease obligations at inception:		785,986

Year Ended December 31,		Operating Leases
2023	\$	402,794
2024		273,557
2025		190,484
2026		82,012
2027		26,564
Total operating lease liabilities		975,411
Less: effects of discounting		(187,425)
Lease liabilities recognized	\$	787,986
Less: current portion		355,633
Lease liabilities, net of current portion	\$	432,353

As of December 31, 2022, the weighted-average remaining lease term for the operating leases is 3.4 years. The weighted average discount rate used was 1.2%.

### 9. Correction of Error - Beginning of Year Balances

During the preparation of the December 31, 2022 consolidated financial statements, management determined that a portion of net assets with donor restrictions reported in previous years, did not actually contain any donor imposed restrictions, nor was there a time restriction placed on those net assets. As such, the Organization's beginning net assets without donor restrictions and with donor restrictions in the consolidated statement of financial position have been restated to correct this error.

The effect on the restatement on the statement of financial position as of January 1, 2022 was as follows:

	As Previously Stated	Correction of an Error	As Restated
Without donor restrictions net assets	\$ 2,918,643	\$ 27,594,337	\$ 30,512,980
With donor restrictions net assets	49,267,223	(27,594,337)	21,672,886
<b>Total Net Assets</b>	<b>\$ 52,185,866</b>	<b>\$ -</b>	<b>\$ 52,185,866</b>

### 10. Subsequent Events

The Organization evaluated all subsequent events through December 8, 2023, the date the financial statements were available to be issued. No subsequent event was noted that required adjustments or disclosures in the financial statements.

## Supplementary Information

---



## Independent Auditor's Report on Supplementary Information

We have audited the consolidated financial statements of Helping Hand for Relief and Development, Inc. and its subsidiaries (the Organization) as of and for the year ended December 31, 2022, and have issued our report thereon dated December 8, 2023 which contained an unmodified opinion on those consolidated financial statements. Our opinion on those consolidated financial statements was qualified because we did not observe the Organization's physical inventory as of December 31, 2022. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and the consolidating schedule of activities are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect on the accompanying information of the qualified opinion on the consolidated financial statements as described above, and based on the reports of other auditors for the Organization's Affiliates, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BDO USA, P.C.*

December 8, 2023

BDO USA refers to BDO USA, P.C., a Virginia professional corporation, also doing business in certain jurisdictions with an alternative identifying abbreviation, such as Corp. or P.S.C.

BDO USA, P.C., is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



# Helping Hand for Relief and Development, Inc.

## Consolidating Schedule of Financial Position

December 31, 2022	United States	Pakistan	Kenya	Somalia	Uganda	Tanzania	Afghanistan	Jordan	Nepal	Eliminations	Consolidated
<b>Assets</b>											
<b>Current Assets</b>											
Cash and cash equivalents	\$ 41,698,800	\$ 5,016,523	\$ 845,672	\$ 63,166	\$ 95,313	\$ 59,173	\$ 869,990	\$ 84,390	\$ 121,664	\$ -	\$ 48,854,691
Investments	2,087,802	-	317,848	179,907	-	-	-	-	-	-	2,585,557
Pledges receivable	749,046	-	56,189	118,368	2,148	10,719	-	-	2,194	-	938,664
Microfinance loan, net of allowance	-	7,407	-	-	-	-	-	-	-	-	7,407
Inventory	8,841,773	640,225	-	-	-	351,091	-	1,838,382	-	-	11,671,471
Advances and prepaid expenses	289,203	866,229	-	-	-	-	3,294	215,865	-	-	1,374,591
Income tax receivable	-	121,519	-	-	-	-	-	-	-	-	121,519
Receivable from subsidiaries	18,878,018	-	-	-	-	-	-	-	-	(18,878,018)	-
<b>Total Current Assets</b>	<b>72,544,642</b>	<b>6,651,903</b>	<b>1,219,709</b>	<b>361,441</b>	<b>97,461</b>	<b>420,983</b>	<b>873,284</b>	<b>2,138,637</b>	<b>123,858</b>	<b>(18,878,018)</b>	<b>65,553,900</b>
<b>Property and equipment, net</b>	<b>480,205</b>	<b>1,253,308</b>	<b>34,082</b>	<b>897</b>	<b>143</b>	<b>299</b>	<b>-</b>	<b>56,633</b>	<b>5,490</b>	<b>-</b>	<b>1,831,057</b>
<b>Other Assets</b>											
Right of use assets	787,986	-	-	-	-	-	-	-	-	-	787,986
Long term investments	-	250,881	-	-	-	-	-	-	-	-	250,881
<b>Total Other Assets</b>	<b>787,986</b>	<b>250,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,038,867</b>
<b>Total Assets</b>	<b>\$ 73,812,833</b>	<b>\$ 8,156,092</b>	<b>\$ 1,253,791</b>	<b>\$ 362,338</b>	<b>\$ 97,604</b>	<b>\$ 421,282</b>	<b>\$ 873,284</b>	<b>\$ 2,195,270</b>	<b>\$ 129,348</b>	<b>\$ (18,878,018)</b>	<b>\$ 68,423,824</b>
<b>Liabilities and Net Assets (Deficit)</b>											
<b>Current Liabilities</b>											
Accounts payable	\$ 516,609	\$ -	\$ 136,193	\$ 638	\$ 978	\$ 1,357	\$ -	\$ -	\$ 97,362	\$ -	\$ 753,137
Deferred revenue	-	-	858,292	-	-	432,523	-	-	-	(1,290,815)	-
Accrued liabilities	8,028	284,424	-	-	-	-	534	2,212	-	-	295,198
Current portion of lease liabilities	355,633	-	-	-	-	-	-	-	-	-	355,633
<b>Total Current Liabilities</b>	<b>880,270</b>	<b>284,424</b>	<b>994,485</b>	<b>638</b>	<b>978</b>	<b>433,880</b>	<b>534</b>	<b>2,212</b>	<b>97,362</b>	<b>(1,290,815)</b>	<b>1,403,968</b>
<b>Lease Liabilities, net of current portion</b>	<b>432,353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>432,353</b>
<b>Total Liabilities</b>	<b>1,312,623</b>	<b>284,424</b>	<b>994,485</b>	<b>638</b>	<b>978</b>	<b>433,880</b>	<b>534</b>	<b>2,212</b>	<b>97,362</b>	<b>(1,290,815)</b>	<b>1,836,321</b>
<b>Net Assets</b>											
Net assets without donor restrictions	33,808,179	49,759	227,981	-	-	-	-	-	-	-	34,085,919
Net assets with donor restrictions	38,692,031	7,821,909	31,325	361,700	96,626	(12,598)	872,750	2,193,058	31,986	(17,587,203)	32,501,584
<b>Total Net Assets (Deficit)</b>	<b>72,500,210</b>	<b>7,871,668</b>	<b>259,306</b>	<b>361,700</b>	<b>96,626</b>	<b>(12,598)</b>	<b>872,750</b>	<b>2,193,058</b>	<b>31,986</b>	<b>(17,587,203)</b>	<b>66,587,503</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 73,812,833</b>	<b>\$ 8,156,092</b>	<b>\$ 1,253,791</b>	<b>\$ 362,338</b>	<b>\$ 97,604</b>	<b>\$ 421,282</b>	<b>\$ 873,284</b>	<b>\$ 2,195,270</b>	<b>\$ 129,348</b>	<b>\$ (18,878,018)</b>	<b>\$ 68,423,824</b>

# Helping Hand for Relief and Development, Inc.

## Consolidating Schedule of Activities

December 31, 2022	United States	Pakistan	Kenya	Somalia	Uganda	Tanzania	Afghanistan	Jordan	Nepal	Eliminations	Consolidated
<b>Revenue and Other Support</b>											
Contributions	\$ 58,286,732	\$ 8,467,276	1,670,167	\$ 1,259,446	\$ 331,257	\$ 220,655	\$ 2,619,792	\$ 5,289,467	\$ 468,515	\$ (22,560,995)	\$ 56,052,312
Subsidiary revenue	(22,560,995)	-	-	-	-	-	-	-	-	22,560,995	-
In-Kind revenue	27,190,152	6,002,387	368,767	291,807	-	796,438	328,003	6,979,634	-	(14,767,036)	27,190,152
Investment return, net	(466,052)	-	-	-	-	-	-	-	-	-	(466,052)
Miscellaneous income	-	5,963	-	-	-	-	-	-	-	-	5,963
<b>Total Revenue and Other Support</b>	<b>62,449,837</b>	<b>14,475,626</b>	<b>2,038,934</b>	<b>1,551,253</b>	<b>331,257</b>	<b>1,017,093</b>	<b>2,947,795</b>	<b>12,269,101</b>	<b>468,515</b>	<b>(14,767,036)</b>	<b>82,782,375</b>
<b>Expenses</b>											
<b>Program services:</b>											
Education	1,582,777	591,265	101,043	177,536	2,504	4,905	19,277	772,966	26,730	-	3,279,003
Health and medical	3,943,607	2,794,666	161,258	325,569	19,369	141,084	95,242	1,736,024	22,087	(2,007,569)	7,231,337
Orphans	2,835,675	2,544,797	519,368	148,685	79,029	125,933	455,172	1,558,064	157,755	(669,190)	7,755,288
Emergency	19,733,552	6,164,862	332,330	1,797,174	98,883	648,026	1,428,011	8,729,536	4,535	(10,707,036)	28,229,873
Water for life	1,540,701	1,462,754	191,568	85,952	44,283	61,140	41,741	183,472	158,337	-	3,769,948
Community development	532,243	126,690	-	-	5,678	-	7,087	1,477,898	116	-	2,149,712
Seasonal	3,403,251	686,545	616,443	490,367	61,001	35,437	263,316	958,990	68,099	-	6,583,449
<b>Total Program Services</b>	<b>33,571,806</b>	<b>14,371,579</b>	<b>1,922,010</b>	<b>3,025,283</b>	<b>310,747</b>	<b>1,016,525</b>	<b>2,309,846</b>	<b>15,416,950</b>	<b>437,659</b>	<b>(13,383,795)</b>	<b>58,998,610</b>
<b>Supporting Services:</b>											
Management and general	1,893,606	405,918	200,851	2,812	594	568	46,602	349,862	42,895	-	2,943,708
Fund raising	4,246,175	-	-	-	-	-	-	-	-	-	4,246,175
<b>Total Supporting Services</b>	<b>6,139,781</b>	<b>405,918</b>	<b>200,851</b>	<b>2,812</b>	<b>594</b>	<b>568</b>	<b>46,602</b>	<b>349,862</b>	<b>42,895</b>	<b>-</b>	<b>7,189,883</b>
<b>Total Expenses</b>	<b>39,711,587</b>	<b>14,777,497</b>	<b>2,122,861</b>	<b>3,028,095</b>	<b>311,341</b>	<b>1,017,093</b>	<b>2,356,448</b>	<b>15,766,812</b>	<b>480,554</b>	<b>(13,383,795)</b>	<b>66,188,493</b>
<b>Operating Income (Loss)</b>	<b>22,738,250</b>	<b>(301,871)</b>	<b>(83,927)</b>	<b>(1,476,842)</b>	<b>19,916</b>	<b>-</b>	<b>591,347</b>	<b>(3,497,711)</b>	<b>(12,039)</b>	<b>(1,383,241)</b>	<b>16,593,882</b>
<b>Other Non-Operating Activities</b>											
Other income	32,673	446,541	93,309	1	-	-	-	2,679	-	-	575,203
Other expense	-	(442,438)	-	-	-	(5,623)	-	-	-	-	(448,061)
Foreign currency translation adjustments	-	(2,323,212)	(30,872)	-	(6,014)	-	44,611	-	(3,900)	-	(2,319,387)
<b>Total Other Non-Operating Activities</b>	<b>32,673</b>	<b>(2,319,109)</b>	<b>62,437</b>	<b>1</b>	<b>(6,014)</b>	<b>(5,623)</b>	<b>44,611</b>	<b>2,679</b>	<b>(3,900)</b>	<b>-</b>	<b>(2,192,245)</b>
<b>Change in Net Assets</b>	<b>22,770,923</b>	<b>(2,620,980)</b>	<b>(21,490)</b>	<b>(1,476,841)</b>	<b>13,902</b>	<b>(5,623)</b>	<b>635,958</b>	<b>(3,495,032)</b>	<b>(15,939)</b>	<b>(1,383,241)</b>	<b>14,401,637</b>
<b>Net Assets, beginning of year, as restated</b>	<b>49,729,287</b>	<b>10,492,648</b>	<b>280,796</b>	<b>1,838,541</b>	<b>82,724</b>	<b>(6,975)</b>	<b>236,792</b>	<b>5,688,090</b>	<b>47,925</b>	<b>(16,203,962)</b>	<b>52,185,866</b>
<b>Net Assets, end of year</b>	<b>\$ 72,500,210</b>	<b>\$ 7,871,668</b>	<b>\$ 259,306</b>	<b>\$ 361,700</b>	<b>\$ 96,626</b>	<b>\$ (12,598)</b>	<b>\$ 872,750</b>	<b>\$ 2,193,058</b>	<b>\$ 31,986</b>	<b>\$ (17,587,203)</b>	<b>\$ 66,587,503</b>