

HELP PERU, INC.

**FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

HELP PERU, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Help Peru, Inc.

We have reviewed the accompanying financial statements of Help Peru, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

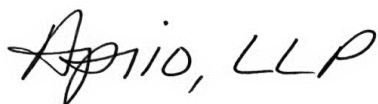
Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Help Peru, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



New York, New York
November 13, 2023

HELP PERU, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
<u>Current assets</u>		
Cash	\$ 567,510	\$ 409,514
Investment in U.S. treasury bills	198,535	-
Contributions receivable - with donor restrictions	30,000	30,000
Total assets	\$ 796,045	\$ 439,514

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Grants payable, net	\$ 207,200	\$ -
Total current liabilities	207,200	-
<u>Net assets</u>		
Without donor restrictions	554,626	409,514
With donor restrictions	34,219	30,000
Net assets	588,845	439,514
Total liabilities and net assets	\$ 796,045	\$ 439,514

See independent accountants' review report and accompanying notes

HELP PERU, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions
<u>Revenues and support</u>						
Corporate donations	\$ 36,933	\$ 6,933	\$ 30,000	\$ 183,780	\$ 153,780	\$ 30,000
Individual direct donations	257,839	257,839	-	154,180	154,180	-
Fundraising from events	378,653	378,653	-	-	-	-
Other income	241	241	-	25,002	25,002	-
Unrealized gain on investments	<u>1,647</u>	<u>1,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>675,313</u>	<u>645,313</u>	<u>30,000</u>	<u>362,962</u>	<u>332,962</u>	<u>30,000</u>
<u>Expenses</u>						
<u>Program services</u>						
Education charities	139,167	113,386	25,781	91,120	71,120	20,000
Healthcare charities	114,168	114,168	-	70,180	70,180	-
Other charities	<u>94,680</u>	<u>94,680</u>	<u>-</u>	<u>94,999</u>	<u>94,999</u>	<u>-</u>
Total program services	<u>348,015</u>	<u>322,234</u>	<u>25,781</u>	<u>256,299</u>	<u>236,299</u>	<u>20,000</u>
<u>Supporting services</u>						
Events venue, gala, and related costs	166,387	166,387	-	-	-	-
Management and general	<u>11,581</u>	<u>11,581</u>	<u>-</u>	<u>101,108</u>	<u>101,108</u>	<u>-</u>
Total supporting services	<u>177,968</u>	<u>177,968</u>	<u>-</u>	<u>101,108</u>	<u>101,108</u>	<u>-</u>
Total expenses	<u>525,983</u>	<u>500,202</u>	<u>25,781</u>	<u>357,407</u>	<u>337,407</u>	<u>20,000</u>
Increase (decrease) in net assets	149,330	145,111	4,219	5,555	(4,445)	10,000
Net assets, beginning of year	<u>439,515</u>	<u>409,515</u>	<u>30,000</u>	<u>433,959</u>	<u>413,959</u>	<u>20,000</u>
Net assets, end of year	<u>\$ 588,845</u>	<u>\$ 554,626</u>	<u>\$ 34,219</u>	<u>\$ 439,514</u>	<u>\$ 409,514</u>	<u>\$ 30,000</u>

See independent accountants' review report and accompanying notes

HELP PERU, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services			
	Total	Total Program Services	Education Charities	Healthcare Charities	Other Charities	Total Supporting Services	Events Venue, Gala, and Related Costs	Management and General
Grants and charitable donations								
General scholarships and grants	\$ <u>348,015</u>	\$ <u>348,015</u>	\$ <u>139,167</u>	\$ <u>114,168</u>	\$ <u>94,680</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Other expenses								
Events venue and related expenses	91,901	-	-	-	-	91,901	91,901	-
Payroll and related expenses	64,210	-	-	-	-	64,210	64,210	-
Help Peru website	1,548	-	-	-	-	1,548	-	1,548
Professional fees	10,276	-	-	-	-	10,276	10,276	-
Travel and other related expenses	9,038	-	-	-	-	9,038	-	9,038
Miscellaneous	325	-	-	-	-	325	-	325
Bank charges	<u>670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>670</u>	<u>-</u>	<u>670</u>
Total other expenses	<u>177,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,968</u>	<u>166,387</u>	<u>11,581</u>
Total expenses	<u>\$ 525,983</u>	<u>\$ 348,015</u>	<u>\$ 139,167</u>	<u>\$ 114,168</u>	<u>\$ 94,680</u>	<u>\$ 177,968</u>	<u>\$ 166,387</u>	<u>\$ 11,581</u>

See independent accountants' review report and accompanying notes

HELP PERU, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting	
	Total	Total Program Services	Education Charities	Healthcare Charities	Other Charities	Management and General
Grants and charitable donations						
General scholarships and grants	\$ 256,299	\$ 256,299	\$ 91,120	\$ 70,180	\$ 94,999	\$ -
Other expenses						
Payroll and related expenses	75,998	-	-	-	-	75,998
Help Peru website	3,216	-	-	-	-	3,216
Professional fees	15,625	-	-	-	-	15,625
Miscellaneous	5,709	-	-	-	-	5,709
Bank charges	560	-	-	-	-	560
Total other expenses	<u>101,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,108</u>
Total expenses	<u>\$ 357,407</u>	<u>\$ 256,299</u>	<u>\$ 91,120</u>	<u>\$ 70,180</u>	<u>\$ 94,999</u>	<u>\$ 101,108</u>

See independent accountants' review report and accompanying notes

HELP PERU, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<u>Cash flows from operating activities</u>		
Increase in net assets	\$ <u>149,330</u>	\$ <u>5,555</u>
Adjustments to reconcile net increase in net assets to net cash (used in) provided by operating activities:		
Paycheck Protection Program loan forgiveness	-	(25,000)
Unrealized gain on marketable securities	(1,647)	-
Change in operating assets and liabilities:		
Contributions receivable - with donor restrictions	-	(10,000)
Grants payable, net	<u>207,200</u>	<u>-</u>
Total adjustments	<u>205,553</u>	<u>(35,000)</u>
Cash (used in) provided by operating activities	<u>354,883</u>	<u>(29,445)</u>
<u>Cash flows from investing activities</u>		
Purchase of investment in U.S. treasury bills	<u>(196,887)</u>	<u>-</u>
Cash used by investing activities	<u>(196,887)</u>	<u>-</u>
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>25,000</u>
Cash provided by financing activities	<u>-</u>	<u>25,000</u>
Net (decrease) increase in cash without donor restrictions	157,996	(4,445)
Cash, beginning of the year without donor restrictions	<u>409,514</u>	<u>413,959</u>
Cash, end of year without donor restrictions	<u>\$ <u>567,510</u></u>	<u>\$ <u>409,514</u></u>

See independent accountants' review report and accompanying notes

HELP PERU, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note A
Summary of Significant Accounting Policies

Nature of Operations:

Help Peru, Inc., (the “Organization”) was incorporated in 2013 as a not-for-profit organization tax-exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code and provisions of the Not-For-Profit Corporation Law of the State of New York. The Organization’s mission is to help underprivileged Peruvians improve their access to education, healthcare, water, and sanitation.

Basis of Presentation:

The financial statements and accompanying notes are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Financial Statement Presentation:

The Organization’s net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions in accordance with Financial Accounting Standards Board’s Accounting Standards Codification (“FASB ASC”) No. 958-205-05, “Presentation of Financial Statements for Not-For-Profit Entities”. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statements of Activities.

In accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - net assets available for general use to support operations. The only limits on the use of net assets without donor restrictions are broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its corporate documents.

Net assets with donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions may

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

HELP PERU, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note A
Summary of Significant Accounting Policies (Continued)

Cash:

The Organization considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents. Cash includes cash in checking, savings, and money market accounts.

Contribution Receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not recorded as receivable until the conditions are met.

Revenue Recognition:

Contribution Revenue

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

The Organization reports contributions in the donor restricted net asset class if they are received with donor stipulations as to their use and/or time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are released and reclassified to net assets without donor restriction in the consolidated statement of activities.

Donor-restricted contributions are initially reported in the with donor restriction net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Other Revenue

Revenue from grants and contracts that are considered to be conditional contributions are recorded in the statement of activities under corporate donations within the revenues and support section and are recognized as qualifying expenses are incurred under the agreement. The Organization adopted the simultaneous release option for donor-restricted conditional grants that are recognized and used within the same reporting period, therefore, these amounts are reported as without donor restriction.

Contributed Goods and Services:

The Organization receives contributed goods in connection with its programs. The estimated fair values of these items are reported in the statements of activities and changes in net assets as individual direct donations revenue and expenses in the year in which they are received.

HELP PERU, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note A
Summary of Significant Accounting Policies (Continued)

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

Expenses and Functional Allocation of Expenses:

Expenses are recognized by the Organization during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

The Statements of Activities report expenses by both natural and functional classification. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting services category when identifiable and possible. General operating costs across nearly all-natural categories are allocated on the basis of estimates of time and efforts.

Grant Expense:

Grant expense is recognized as an expense in the period the Organization funds the grant or agrees to the unconditional obligation to transfer the promised assets in the future. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of the expected future payments. On December 31, 2022, grants payable were discounted using the year-end risk-free rate for each year the grants were made, which was 4.73%.

Fair Value of Financial Instruments:

The Organization adopted FASB ASC 958-320 "Not-For-Profit Entities - Investments", which establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1" measurements), gives the next priority to quoted values based on observable inputs ("Level 2" measurements), and the lowest priority to values based on unobservable inputs ("Level 3" measurements).

The three levels of the fair value hierarchy under FASB ASC 958-320 are briefly described below:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. For example, stocks listed on a recognized exchange or listed mutual funds.

HELP PERU, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note A
Summary of Significant Accounting Policies (Continued)

Level 2:

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

Cash - without donor restrictions:

Cash and cash equivalents consist of money market and checking accounts, which are valued at their respective balances at the reporting date and money market portfolios, which are valued using amortized cost which approximates fair value - Level 1.

U.S. Treasury Bills:

U.S. government securities are valued using observable inputs and are traded in active markets. U.S. government securities are categorized in Level 1 of the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

HELP PERU, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note B
Fair Value of Financial Instruments

The following table sets forth by level, within the fair value hierarchy, the Organizations fair value measurements at December 31, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Cash - unrestricted	\$ 567,510	\$ -	\$ -	\$ 567,510
Investment in U.S. treasury bills	<u>198,535</u>	<u>-</u>	<u>-</u>	<u>198,535</u>
Total assets at fair value	<u>\$ 766,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,045</u>
	2021			
	Level 1	Level 2	Level 3	Total
Cash - unrestricted	\$ <u>409,514</u>	\$ -	\$ -	\$ 409,514
Total assets at fair value	<u>\$ 409,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,514</u>

Note C
Net Assets

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Net assets with donor restrictions are available for the following purposes as of December 31, 2022 and 2021:

	2022	2021
Program services for education, healthcare and other charities	\$ <u>34,219</u>	\$ <u>20,000</u>

As of December 31, 2022 and, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses were as follows:

	2022	2021
Financial assets:		
Cash	\$ 567,510	\$ 409,514
Marketable securities	198,535	-
Contributions receivable - with donor restrictions	<u>30,000</u>	<u>30,000</u>
Total financial assets available within one year	<u>\$ 796,045</u>	<u>\$ 439,514</u>

HELP PERU, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note D
Paycheck Protection Program Loan

As a result of the uncertainty surrounding the COVID-19 pandemic and its impact on operating results, the Organization applied for Paycheck Protection Program (“PPP”), and received loan proceeds of \$25,000 in aggregate. These loan proceeds were received from February 2021, through April 2021, under the Paycheck Protection Program through promissory notes from JPMorgan Chase Bank. (the “PPP Loans”). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) and is administered by the U.S. Small Business Administration.

The Organization has determined that the PPP Loans should be accounted for under FASB ASC Topic 470, “Debt” and recognized a gain, of the entire amount, resulting from the forgiveness upon legal release of its obligation from the bank and/or the SBA, in September 2021, which is included as other income in the accompanying Statements of Activities and Changes in Net Assets for the year ended December 31, 2021.

Note E
Tax Status

The Organization is formed as a not-for-profit organization and is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. It is also exempt from state and local income taxes. Therefore, no provision for income taxes has been made in the accompanying financial statements. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax.

U.S. GAAP requires the Organization’s management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the tax authorities. The Organization’s management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by the tax authorities; however, there are currently no audits for any tax periods in progress.

The Organization believes it is no longer subject to income tax examinations for years prior to 2019.

HELP PERU, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note F
Concentrations

Concentrations in Revenues:

For the year ended December 31, 2022, one donor accounted for approximately 30% of the Organization's total revenue and support, and one donor accounted for 100% of the Organization's restricted contributions receivable.

During the year ended December 31, 2022, the Organization held a Gala event, at which it fundraised approximately 56% of its total contributions for the year ended December 31, 2022.

For the year ended December 31, 2021, one corporate donor accounted for approximately 22% of the Organization's total revenue and support, and one donor accounted for 100% of the Organization's restricted contributions receivable.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Organization maintains cash balances at two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. From time to time, the Organization's cash balance exceeds such limits. The Organization has not experienced any losses in such accounts. At December 31, 2022 and 2021, the Organization had approximately \$215,000 and \$159,000, respectively, in excess of the insured limit at one financial institution. In addition, the Organization maintains an account with a stock brokerage firm. The account contains cash and securities. Balances are insured up to \$500,000 of the customer's net equity balance, including up to \$250,000 in cash by the Securities Investor Protection Corporation.

Note G
Subsequent Events

The Organization evaluated subsequent events through November 13, 2023, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the issuance of this report, that would have a material impact on the financial statements.