

**HEALTH ADVOCATES
FOR OLDER PEOPLE, INC.**

**Financial Statements
For the Years Ended
December 31, 2018
and
December 31, 2017**

Independent Auditor's Report

To the Board of Directors
Health Advocates for Older People, Inc.

We have audited the accompanying financial statements of Health Advocates for Older People, Inc., which comprise the statements of financial position as of December 31, 2018 and December 31, 2017 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Advocates for Older People, Inc. as of December 31, 2018 and December 31, 2017, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty + Donnelly LLP

August 1, 2019

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statements of Financial Position

Assets

	December 31	
	2018	2017
Assets		
Cash and cash equivalents	\$ 72,166	\$ 148,116
Investments, at fair value	2,106,531	1,548,909
Other assets	4,922	4,455
Total assets	\$2,183,619	\$1,701,480

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 13,300	\$ 13,175
Net assets		
Without donor restrictions	2,133,465	1,656,016
With donor restrictions	36,854	32,289
Total net assets	2,170,319	1,688,305
Total liabilities and net assets	\$2,183,619	\$1,701,480

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statements of Activities

	For the Years Ended December 31					
	2018	2017				
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue						
Contributions	\$ 705,677	\$ 59,800	\$ 765,477	\$ 1,117,934	\$ 58,000	\$ 1,175,934
Special events	221,233	-	221,233	170,407	-	170,407
Other	-	-	-	1,798	-	1,798
Net assets released from restrictions	55,235	(55,235)	-	61,277	(61,277)	-
Total public support and revenue	<u>982,145</u>	<u>4,565</u>	<u>986,710</u>	<u>1,351,416</u>	<u>(3,277)</u>	<u>1,348,139</u>
Expenses						
Program services						
Home safety	28,577	-	28,577	27,231	-	27,231
Healthy aging	230,226	-	230,226	183,207	-	183,207
Community volunteers	3,013	-	3,013	3,277	-	3,277
Equipment exchange	-	-	-	760	-	760
Exercise	21,560	-	21,560	12,322	-	12,322
Wellness	1,081	-	1,081	4,150	-	4,150
Pet program	2,422	-	2,422	-	-	-
Total program services	<u>286,879</u>	<u>-</u>	<u>286,879</u>	<u>230,947</u>	<u>-</u>	<u>230,947</u>
Supporting activities						
Management and general	50,103	-	50,103	91,662	-	91,662
Fundraising	57,000	-	57,000	43,567	-	43,567
Total supporting activities	<u>107,103</u>	<u>-</u>	<u>107,103</u>	<u>135,229</u>	<u>-</u>	<u>135,229</u>
Total expenses	<u>393,982</u>	<u>-</u>	<u>393,982</u>	<u>366,176</u>	<u>-</u>	<u>366,176</u>
Increase (decrease) in net assets before other addition (deduction)	588,163	4,565	592,728	985,240	(3,277)	981,963
Other addition (deduction)						
Investment return, net	(110,714)	-	(110,714)	72,061	-	72,061
Increase (decrease) in net assets	477,449	4,565	482,014	1,057,301	(3,277)	1,054,024
Net assets, beginning of year	<u>1,656,016</u>	<u>32,289</u>	<u>1,688,305</u>	<u>598,715</u>	<u>35,566</u>	<u>634,281</u>
Net assets, end of year	<u>\$ 2,133,465</u>	<u>\$ 36,854</u>	<u>\$ 2,170,319</u>	<u>\$ 1,656,016</u>	<u>\$ 32,289</u>	<u>\$ 1,688,305</u>

See notes to financial statements.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2018
(with summarized totals for the year ended December 31, 2017)

	2018										2017	
	Program Services					Supporting Activities					Total	
	Home Safety	Healthy Aging	Community Volunteers	Exercise	Wellness	Pet Program	Total Program Services	Management and General	Fund-Raising	Supporting Services		
Grants and contracts	\$ -	\$ 2,975	\$ -	\$ -	\$ -	\$ -	\$ 2,975	\$ 100	\$ -	\$ 100	\$ 3,075	\$ 3,019
Salaries and wages	26,869	157,723	2,468	-	-	2,250	189,310	-	-	-	189,310	151,992
Employee benefits	-	1,102	-	-	-	-	1,102	4,147	-	4,147	5,249	7,288
Payroll taxes	1,584	11,374	-	-	-	172	13,130	-	-	-	13,130	11,682
Professional fees	-	3,500	-	-	-	-	3,500	23,574	-	23,574	27,074	34,133
Telephone	-	1,102	-	-	-	-	1,102	792	-	792	1,894	962
Supplies	-	8	-	-	-	-	8	94	-	94	102	833
Postage and shipping	-	585	-	-	-	-	585	-	-	-	585	3,718
Occupancy	-	21,896	-	-	-	-	21,896	2,545	-	2,545	24,441	21,941
Printing and publications	-	494	-	-	-	-	494	3,460	3,678	7,138	7,632	8,283
Travel	124	4,130	545	-	-	-	4,799	545	-	545	5,344	10,369
Consulting fees	-	10,615	-	21,560	1,081	-	33,256	1,000	-	1,000	34,256	42,426
Outside computer services	-	3,371	-	-	-	-	3,371	1,066	-	1,066	4,437	4,613
Fundraising	-	6	-	-	-	-	6	484	52,842	53,326	53,332	38,921
Insurance	-	-	-	-	-	-	-	4,209	-	4,209	4,209	6,990
Other	-	11,345	-	-	-	-	11,345	8,087	480	8,567	19,912	19,006
Total	\$ 28,577	\$ 230,226	\$ 3,013	\$ 21,560	\$ 1,081	\$ 2,422	\$ 286,879	\$ 50,103	\$ 57,000	\$ 107,103	\$ 393,982	\$ 366,176

See notes to financial statements.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services							Supporting Activities			Total
	Home Safety	Healthy Aging	Community Volunteers	Equipment Exchange	Exercise	Wellness	Total Program Services	Management and General	Fund-Raising	Supporting Services	
Grants and contracts	\$ -	\$ 3,019	\$ -	\$ -	\$ -	\$ -	\$ 3,019	\$ -	\$ -	\$ -	\$ 3,019
Salaries and wages	24,923	125,329	1,740	-	-	-	151,992	-	-	-	151,992
Employee benefits	-	-	-	-	-	-	-	7,288	-	7,288	7,288
Payroll taxes	1,972	9,710	-	-	-	-	11,682	-	-	-	11,682
Professional fees	-	5,764	-	-	-	-	5,764	28,369	-	28,369	34,133
Telephone	-	46	-	-	-	-	46	916	-	916	962
Supplies	-	833	-	-	-	-	833	-	-	-	833
Postage and shipping	-	3,019	7	-	-	70	3,096	15	607	622	3,718
Occupancy	-	10,990	-	-	-	-	10,990	10,951	-	10,951	21,941
Printing and publications	-	2,894	-	-	-	-	2,894	1,470	3,919	5,389	8,283
Travel	336	6,965	598	460	4	193	8,556	1,693	120	1,813	10,369
Consulting fees	-	12,423	-	300	11,646	3,887	28,256	14,170	-	14,170	42,426
Outside computer services	-	-	-	-	-	-	-	4,613	-	4,613	4,613
Fundraising	-	-	-	-	-	-	-	-	38,921	38,921	38,921
Insurance	-	-	-	-	-	-	-	6,990	-	6,990	6,990
Other	-	2,215	932	-	672	-	3,819	15,187	-	15,187	19,006
Total	\$ 27,231	\$ 183,207	\$ 3,277	\$ 760	\$ 12,322	\$ 4,150	\$ 230,947	\$ 91,662	\$ 43,567	\$ 135,229	\$ 366,176

See notes to financial statements.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statements of Cash Flows

	For the Years Ended December 31	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase in net assets	\$ 482,014	\$ 1,054,024
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Realized (gain) on sale of investments	(27,410)	(22,593)
Unrealized (gain) loss on investments	160,595	(46,019)
(Increase) decrease in assets		
Accounts receivable	-	11,767
Other assets	(467)	1,920
Increase (decrease) in accounts payable and accrued expenses	125	(15,662)
Net cash provided by operating activities	<u>614,857</u>	<u>983,437</u>
Cash flows from investing activities		
Purchases of investments	(1,272,397)	(1,217,667)
Proceeds from sale of investments	<u>581,590</u>	<u>202,792</u>
Net cash (used in) investing activities	<u>(690,807)</u>	<u>(1,014,875)</u>
Net (decrease) in cash and cash equivalents	(75,950)	(31,438)
Cash and cash equivalents, beginning of year	<u>148,116</u>	<u>179,554</u>
Cash and cash equivalents, end of year	<u>\$ 72,166</u>	<u>\$ 148,116</u>

See notes to financial statements.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.**Notes to Financial Statements
December 31, 2018 and December 31, 2017****Note 1 – Nature of organization**

Health Advocates for Older People, Inc. (“Health Advocates”) was incorporated in 1985 under the not-for-profit Corporation Law of the State of New York. The general mission of Health Advocates is to promote safe and healthy aging through programs designed to facilitate independent living, physical well-being and greater social interaction.

Note 2 – Summary of significant accounting policies**Net assets**

Health Advocates’ net assets consist of the following:

Without donor restrictions**Operating**

Operating net assets consist of revenue and expenses of the Health Advocates’ operating activities.

Board designated - endowment fund

Health Advocates established a fund to provide long term financial stability and underpinning for the organization and mission of Health Advocates. This endowment fund will benefit community seniors by supporting wellness programs that provide balance and strength, and to give seniors the tools, techniques and support to age with vitality and independence in their own homes. The balance of the board designated-endowment fund was \$154,771 at December 31, 2018 and December 31, 2017.

With donor restrictions

Net assets that consist of contributions that are restricted by the donor for a specific purpose and/or pertain to future periods.

Cash equivalents

Cash equivalents consist of highly liquid investments with original maturities of 90 days or less.

Fair value measurements

As of December 31, 2018 and December 31, 2017, Health Advocates’ investments (see note 4) are all classified in the highest level of the fair value hierarchy (Level 1). The quoted prices for these assets are in active markets for identical assets.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

**Notes to Financial Statements (continued)
December 31, 2018 and December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Contributions

Health Advocates records contributions as revenue without donor restrictions unless the donor stipulates a time restriction or limits the use of the contributions. Contributions with donor stipulations are reported as revenue with donor restrictions. When a designated 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 as net assets released from restrictions.

During 2017, Health Advocates was informed that it was the beneficiary of a Revocable Charitable Remainder Trust (the “Trust”). Health Advocates received a partial distribution totaling \$1,000,000 from the Trust during which is reflected as a contribution on the accompanying statements of activities. During 2018, Health Advocates received another partial distribution of \$250,000.

Donated services

Health Advocates receives donated services rendered by volunteers who have donated significant amounts of their time to Health Advocates’ activities. These donated services have not been recorded in the accompanying financial statements because they do not meet the criteria for recording such services.

Functional expenses

The cost of providing the various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional expense category are allocated based on time and effort.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

**Notes to Financial Statements (continued)
December 31, 2018 and December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk

Health Advocates' financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and investments. Health Advocates places its cash and cash equivalents with what it believes to be quality financial institutions. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investment reported in the statements of financial position at December 31, 2018. As a consequence, Health Advocates believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and accounts receivable.

Not-for-Profit Financial Statement Presentation

During 2018, Health Advocates adopted Accounting Standards Update ("ASU") No. 2016-14 -- *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

A recap of the net asset reclassifications and restatements driven by the adoption of the ASU as of December 31, 2016 follows:

<u>Net Asset Classifications</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As previously presented			
Unrestricted-operating	\$ 443,944	\$ -	\$ 443,944
Unrestricted-Board designated endowment fund	154,771	-	154,771
Temporarily restricted	<u>-</u>	<u>35,566</u>	<u>35,566</u>
Net assets as previously presented	<u>\$ 598,715</u>	<u>\$ 35,566</u>	<u>\$ 634,281</u>

Subsequent events

Health Advocates has evaluated events and transactions for potential recognition or disclosure through August 1, 2019, which is the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated additional disclosures and/or adjustments.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

**Notes to Financial Statements (continued)
December 31, 2018 and December 31, 2017**

Note 3 – Financial assets and liquidity resources

Health Advocates' working capital and cash flows vary due to timing of payments received under grants and a concentration of contributions received near calendar year-end.

The following reflects Health Advocates' financial assets as of December 31, 2018, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions:

Financial assets

Cash and cash equivalents	\$ 72,166
Investments, at fair value	<u>2,106,531</u>
Total financial assets	2,178,697
Less: Net assets with donor restrictions	<u>(36,854)</u>
Total financial assets available within one year	<u>\$ 2,141,843</u>

Note 4 – Investments

The following is a summary of the investments as of December 31, 2018 and December 31, 2017:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common stocks	\$ 781,093	\$ 770,863	\$ 599,645	\$ 643,913
Mutual funds-fixed income				
U.S. bond funds	865,418	852,070	574,277	573,772
Exchange traded and closed-end funds	<u>544,556</u>	<u>483,598</u>	<u>298,928</u>	<u>331,224</u>
Total	<u>\$2,191,067</u>	<u>\$2,106,531</u>	<u>\$1,472,850</u>	<u>\$1,548,909</u>
Unrealized gain at				
December 31, 2018 and				
December 31, 2017	<u>\$ (84,536)</u>		<u>\$ 76,059</u>	
Change in unrealized gain on investments	<u>\$ (160,595)</u>		<u>\$ 46,019</u>	

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

**Notes to Financial Statements (continued)
December 31, 2018 and December 31, 2017**

Note 5 – Net assets with donor restrictions

The following is a summary of net assets with donor restrictions as of and for the years ended December 31, 2018 and December 31, 2017:

		2018			
		Balance at December 31, 2017	Contributions	Net Assets Released from Restrictions	Balance at December 31, 2018
Capital		\$ 6,000	\$ -	\$ -	\$ 6,000
Healthy Aging		-	49,800	(49,800)	-
Pet program		-	10,000	(2,422)	7,578
Nutritional Services		3,796	-	-	3,796
Community Volunteers		21,723	-	(3,013)	18,710
Other		770	-	-	770
	Total	\$ 32,289	\$ 59,800	\$ (55,235)	\$ 36,854
		2017			
		Balance at December 31, 2016	Contributions	Net Assets Released from Restrictions	Balance at December 31, 2017
Capital		\$ 6,000	\$ -	\$ -	\$ 6,000
Healthy Aging		-	53,000	(53,000)	-
Home Safety		-	5,000	(5,000)	-
Nutritional Services		3,796	-	-	3,796
Community Volunteers		25,000	-	(3,277)	21,723
Other		770	-	-	770
	Total	\$ 35,566	\$ 58,000	\$ (61,277)	\$ 32,289

Note 6 – Commitment

Health Advocates has an agreement with a church on a month-to-month basis to use office space for a monthly fee of \$275. Health Advocates also has a month-to-month lease for additional office space requiring payments of \$1,365 per month. The latter landlord has a security deposit of \$1,990 which is recorded as an other asset on the statements of financial position. Health Advocates is also responsible for certain expenses as defined in the agreement.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

**Notes to Financial Statements (continued)
December 31, 2018 and December 31, 2017**

Note 7 – Tax status

Health Advocates is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, Health Advocates has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation under the meaning of Section 509(a)(1) of the Code. Health Advocates qualifies for maximum charitable contribution deductions for donors.