

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

**Financial Statements
For the Years Ended
December 31, 2019
and
December 31, 2018**

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, 2019 and December 31, 2018 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, 2019 and December 31, 2018, 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.

April 20, 2020

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statements of Financial Position

Assets

	December 31	
	2019	2018
Assets		
Cash and cash equivalents	\$ 126,520	\$ 72,166
Investments, at fair value	2,427,493	2,106,531
Pledge receivable	10,000	-
Other assets	4,944	4,922
Total assets	\$2,568,957	\$2,183,619

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 13,300	\$ 13,300
Net assets		
Without donor restrictions	2,498,903	2,133,465
With donor restrictions	56,754	36,854
Total net assets	2,555,657	2,170,319
Total liabilities and net assets	\$2,568,957	\$2,183,619

See notes to financial statements.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statements of Activities

	For the Years Ended December 31					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue						
Contributions	\$ 73,549	\$ 118,151	\$ 191,700	\$ 705,677	\$ 59,800	\$ 765,477
Special events	181,811	-	181,811	221,233	-	221,233
Other	7,550	-	7,550	-	-	-
Net assets released from restrictions	98,251	(98,251)	-	55,235	(55,235)	-
Total public support and revenue	<u>361,161</u>	<u>19,900</u>	<u>381,061</u>	<u>982,145</u>	<u>4,565</u>	<u>986,710</u>
Expenses						
Program services						
Home safety	27,940	-	27,940	28,577	-	28,577
Healthy aging	233,956	-	233,956	235,661	-	235,661
Exercise	22,900	-	22,900	21,560	-	21,560
Wellness	10,227	-	10,227	1,081	-	1,081
Total program services	<u>295,023</u>	<u>-</u>	<u>295,023</u>	<u>286,879</u>	<u>-</u>	<u>286,879</u>
Supporting activities						
Management and general	39,801	-	39,801	50,103	-	50,103
Fundraising	42,053	-	42,053	57,000	-	57,000
Total supporting activities	<u>81,854</u>	<u>-</u>	<u>81,854</u>	<u>107,103</u>	<u>-</u>	<u>107,103</u>
Total expenses	<u>376,877</u>	<u>-</u>	<u>376,877</u>	<u>393,982</u>	<u>-</u>	<u>393,982</u>
Increase (decrease) in net assets before investment return, net	(15,716)	19,900	4,184	588,163	4,565	592,728
Investment return, net	<u>381,154</u>	<u>-</u>	<u>381,154</u>	<u>(110,714)</u>	<u>-</u>	<u>(110,714)</u>
Increase in net assets	365,438	19,900	385,338	477,449	4,565	482,014
Net assets, beginning 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>
Net assets, end of year	<u>\$ 2,498,903</u>	<u>\$ 56,754</u>	<u>\$ 2,555,657</u>	<u>\$ 2,133,465</u>	<u>\$ 36,854</u>	<u>\$ 2,170,319</u>

See notes to financial statements.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2019
(with summarized totals for the year ended December 31, 2018)

	2019							2018		
	Program Services				Supporting Activities					
	Home Safety	Healthy Aging	Exercise	Wellness	Total Program Services	Management and General	Fund- Raising	Total Supporting Services	Total	Total
Grants and contracts	\$ -	\$ 4,170	\$ -	\$ -	\$ 4,170	\$ -	\$ -	\$ -	\$ 4,170	\$ 3,075
Salaries and wages	25,875	135,718	-	-	161,593	-	-	-	161,593	189,310
Employee benefits	-	949	-	-	949	4,337	-	4,337	5,286	5,249
Payroll taxes	2,065	9,930	-	-	11,995	-	-	-	11,995	13,130
Professional fees	-	5,874	-	-	5,874	22,765	2,410	25,175	31,049	27,074
Telephone	-	1,098	-	-	1,098	2,178	-	2,178	3,276	1,894
Supplies	-	12,623	-	-	12,623	1,107	4,757	5,864	18,487	102
Postage and shipping	-	4,976	-	-	4,976	7	-	7	4,983	585
Occupancy	-	23,222	-	-	23,222	-	-	-	23,222	24,441
Printing and publications	-	3,910	-	-	3,910	-	813	813	4,723	7,632
Travel	-	4,175	-	-	4,175	484	-	484	4,659	5,344
Consulting fees	-	14,885	22,900	10,227	48,012	-	-	-	48,012	34,256
Outside computer services	-	3,399	-	-	3,399	3,150	-	3,150	6,549	4,437
Fundraising	-	-	-	-	-	-	33,726	33,726	33,726	53,332
Insurance	-	4,266	-	-	4,266	567	-	567	4,833	4,209
Other	-	4,761	-	-	4,761	5,206	347	5,553	10,314	19,912
Total	\$ 27,940	\$ 233,956	\$ 22,900	\$ 10,227	\$ 295,023	\$ 39,801	\$ 42,053	\$ 81,854	\$ 376,877	\$ 393,982

See notes to financial statements.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services				Supporting Activities			Total	
	Home Safety	Healthy Aging	Exercise	Wellness	Total Program Services	Management and General	Fund-Raising		Total Supporting Services
Grants and contracts	\$ -	\$ 2,975	\$ -	\$ -	\$ 2,975	\$ 100	\$ -	\$ 100	\$ 3,075
Salaries and wages	26,869	162,441	-	-	189,310	-	-	-	189,310
Employee benefits	-	1,102	-	-	1,102	4,147	-	4,147	5,249
Payroll taxes	1,584	11,546	-	-	13,130	-	-	-	13,130
Professional fees	-	3,500	-	-	3,500	23,574	-	23,574	27,074
Telephone	-	1,102	-	-	1,102	792	-	792	1,894
Supplies	-	8	-	-	8	94	-	94	102
Postage and shipping	-	585	-	-	585	-	-	-	585
Occupancy	-	21,896	-	-	21,896	2,545	-	2,545	24,441
Printing and publications	-	494	-	-	494	3,460	3,678	7,138	7,632
Travel	124	4,675	-	-	4,799	545	-	545	5,344
Consulting fees	-	10,615	21,560	1,081	33,256	1,000	-	1,000	34,256
Outside computer services	-	3,371	-	-	3,371	1,066	-	1,066	4,437
Fundraising	-	6	-	-	6	484	52,842	53,326	53,332
Insurance	-	-	-	-	-	4,209	-	4,209	4,209
Other	-	11,345	-	-	11,345	8,087	480	8,567	19,912
Total	\$ 28,577	\$ 235,661	\$ 21,560	\$ 1,081	\$ 286,879	\$ 50,103	\$ 57,000	\$ 107,103	\$ 393,982

See notes to financial statements.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Statements of Cash Flows

	For the	
	Years Ended	
	December 31	
	2019	2018
Cash flows from operating activities		
Increase in net assets	\$ 385,338	\$ 482,014
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Realized (gain) on sale of investments	(7,400)	(27,410)
Unrealized (gain) loss on investments	(338,313)	160,595
(Increase) in assets		
Pledge receivable	(10,000)	-
Other assets	(22)	(467)
Increase in accounts payable and accrued expenses	-	125
Net cash provided by operating activities	<u>29,603</u>	<u>614,857</u>
Cash flows from investing activities		
Purchases of investments	(383,543)	(1,272,397)
Proceeds from sale of investments	<u>408,294</u>	<u>581,590</u>
Net cash provided by (used in) investing activities	<u>24,751</u>	<u>(690,807)</u>
Net increase (decrease) in cash and cash equivalents	54,354	(75,950)
Cash and cash equivalents, beginning of year	<u>72,166</u>	<u>148,116</u>
Cash and cash equivalents, end of year	<u>\$ 126,520</u>	<u>\$ 72,166</u>

See notes to financial statements.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Notes to Financial Statements December 31, 2019 and December 31, 2018

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, 2019 and December 31, 2018.

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, 2019 and December 31, 2018, Health Advocates’ investments (see note 5) 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.

Pledge receivable

Health Advocates’ pledge receivable at December 31, 2019 is expected to be collected during 2020.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.**Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018****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 2017. 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, 2019 and December 31, 2018****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, investments and pledge receivable. 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, 2019. Management monitors the collectability of its receivables. As a consequence, Health Advocates believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and pledge receivable.

Subsequent events

Health Advocates has evaluated events and transactions for potential recognition or disclosure through April 20, 2020, which is the date the financial statements were available to be issued.

On March 13, 2020, President Trump declared a national emergency under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, due to extraordinary circumstances resulting from coronavirus. Health Advocates to date has not experienced any significant operational economic impact related to the crisis. However, Health Advocate's investment portfolio has incurred a significant decline in its fair value since December 31, 2019. Because the value of Health Advocates' individual investments will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods cannot be determined.

Note 3 – 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.

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

Note 4 – Financial assets and liquidity resources

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

The following reflects Health Advocates' financial assets as of December 31, 2019 and December 31, 2018:

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash and cash equivalents	\$ 126,520	\$ 72,166
Investments, at fair value	2,427,493	2,106,531
Pledge receivable	<u>10,000</u>	<u>-</u>
Total	<u>\$ 2,564,013</u>	<u>\$ 2,178,697</u>

Note 5 – Investments, at fair value

The following is a summary of the investments as of December 31, 2019 and December 31, 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common stocks	\$ 777,128	\$1,002,625	\$ 781,093	\$ 770,863
Mutual funds-fixed income				
U.S. bond funds	722,956	728,475	865,418	852,070
Exchange traded and closed-end funds	<u>673,632</u>	<u>696,393</u>	<u>544,556</u>	<u>483,598</u>
Total	<u>\$2,173,716</u>	<u>\$2,427,493</u>	<u>\$2,191,067</u>	<u>\$2,106,531</u>
Unrealized gain (loss) at				
December 31, 2019 and				
December 31, 2018	<u>\$ 253,777</u>		<u>\$ (84,536)</u>	
Change in unrealized gain (loss) on investments	<u>\$ 338,313</u>		<u>\$ (160,595)</u>	

Investment return consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 57,143	\$ 40,532
Realized gain on sale of investments	7,400	27,410
Unrealized gain (loss)	338,313	(160,595)
Investment fees	<u>(21,702)</u>	<u>(18,061)</u>
Total	<u>\$ 381,154</u>	<u>\$ (110,714)</u>

HEALTH ADVOCATES FOR OLDER PEOPLE, INC.

**Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018**

Note 6 – 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, 2019 and December 31, 2018:

	2019			
	Balance at December 31, <u>2018</u>	<u>Contributions</u>	Net Assets Released from <u>Restrictions</u>	Balance at December 31, <u>2019</u>
Capital	\$ 6,000	\$ -	\$ -	\$ 6,000
Healthy Aging	-	108,151	(98,151)	10,000
Pet program	7,578	10,000	(100)	17,478
Nutritional Services	3,796	-	-	3,796
Community Volunteers	18,710	-	-	18,710
Other	<u>770</u>	<u>-</u>	<u>-</u>	<u>770</u>
Total	<u>\$ 36,854</u>	<u>\$ 118,151</u>	<u>\$ (98,251)</u>	<u>\$ 56,754</u>
	2018			
	Balance at December 31, <u>2017</u>	<u>Contributions</u>	Net Assets Released from <u>Restrictions</u>	Balance at December 31, <u>2018</u>
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	<u>770</u>	<u>-</u>	<u>-</u>	<u>770</u>
Total	<u>\$ 32,289</u>	<u>\$ 59,800</u>	<u>\$ (55,235)</u>	<u>\$ 36,854</u>

Note 7 – 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.