

HELEN KELLER INTERNATIONAL

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2021

HELEN KELLER INTERNATIONAL

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Helen Keller International
New York, New York

We have audited the accompanying consolidated financial statements of Helen Keller International (a New York not-for-profit corporation) (“Helen Keller Intl”) which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Helen Keller Intl as of June 30, 2021, the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Board of Trustees
Helen Keller International
New York, New York**

Report on Summarized Comparative Information

We have previously audited Helen Keller Intl's 2020 consolidated financial statements, and our report dated January 12, 2021, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
January 14, 2022**

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 47,179,550	\$ 41,771,120
Cash held in international offices	4,769,919	4,462,081
Investments	8,148,033	7,099,834
Grants receivable	6,464,334	6,631,286
Contributions receivable	13,943,765	10,009,665
Beneficial interest in perpetual and restricted trusts	1,367,182	1,110,329
Fixed assets, net	804,604	1,074,203
Security deposits and other assets	<u>1,519,906</u>	<u>1,267,465</u>
Total assets	<u>\$ 84,197,293</u>	<u>\$ 73,425,983</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 5,240,642	\$ 4,071,899
Deferred revenue	11,620,928	13,724,060
Severance accrual – international offices	<u>1,608,972</u>	<u>1,558,928</u>
Total liabilities	<u>18,470,542</u>	<u>19,354,887</u>
NET ASSETS		
Without donor restrictions	11,038,932	8,479,637
With donor restrictions	<u>54,687,819</u>	<u>45,591,459</u>
Total net assets	<u>65,726,751</u>	<u>54,071,096</u>
Total liabilities and net assets	<u>\$ 84,197,293</u>	<u>\$ 73,425,983</u>

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CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2021 With Summarized Information For 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
Operating Support and Revenue				
Support				
Contributions – corporations, foundations, and individuals	\$ 5,239,987	\$ 40,865,720	\$ 46,105,707	\$ 40,622,479
Contributions – medicines and other (in-kind)	112,970,950	-	112,970,950	120,173,218
Legacies and trusts	160,498	7,302	167,800	534,556
Grants – U.S. Government agencies	-	36,125,726	36,125,726	34,603,293
Grants – Non U.S. Government agencies	-	6,446,132	6,446,132	3,700,138
Net assets released from restrictions	<u>74,791,795</u>	<u>(74,791,795)</u>	<u>-</u>	<u>-</u>
Total support	<u>193,163,230</u>	<u>8,653,085</u>	<u>201,816,315</u>	<u>199,633,684</u>
Revenue				
Program and other revenue	(25,735)	186,422	160,687	1,453,339
Dividends and interest income	<u>116,802</u>	<u>-</u>	<u>116,802</u>	<u>138,959</u>
Total revenue	<u>91,067</u>	<u>186,422</u>	<u>277,489</u>	<u>1,592,298</u>
Total operating support and revenue	<u>193,254,297</u>	<u>8,839,507</u>	<u>202,093,804</u>	<u>201,225,982</u>
Expenses				
Program services:				
US Vision Program	1,428,452	-	1,428,452	2,390,301
Nutrition, including Vitamin A	43,878,897	-	43,878,897	42,089,860
International Eye Health	1,482,596	-	1,482,596	1,841,714
Neglected Tropical Diseases	18,739,706	-	18,739,706	13,282,357
Distribution of medicines and other (in-kind), primarily for blindness prevention	<u>112,960,950</u>	<u>-</u>	<u>112,960,950</u>	<u>120,173,218</u>
Total program services	<u>178,490,601</u>	<u>-</u>	<u>178,490,601</u>	<u>179,777,450</u>
Support services				
Management and general	10,061,951	-	10,061,951	10,219,591
Fundraising	<u>2,245,604</u>	<u>-</u>	<u>2,245,604</u>	<u>2,021,419</u>
Total support services	<u>12,307,555</u>	<u>-</u>	<u>12,307,555</u>	<u>12,241,010</u>
Total expenses	<u>190,798,156</u>	<u>-</u>	<u>190,798,156</u>	<u>192,018,460</u>
Excess of revenue over expenses	2,456,141	8,839,507	11,295,648	9,207,522
Other Changes				
Net realized and unrealized gains on investments	103,154	-	103,154	92,178
Change in perpetual and restricted trusts	<u>-</u>	<u>256,853</u>	<u>256,853</u>	<u>(11,823)</u>
Change in net assets	2,559,295	9,096,360	11,655,655	9,287,877
Net Assets				
Beginning of year	<u>8,479,637</u>	<u>45,591,459</u>	<u>54,071,096</u>	<u>44,783,219</u>
End of year	<u>\$ 11,038,932</u>	<u>\$ 54,687,819</u>	<u>\$ 65,726,751</u>	<u>\$ 54,071,096</u>

See notes to financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$11,655,655	\$ 9,287,877
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation and amortization	609,153	615,928
Net realized/unrealized gain on investments	(103,154)	(92,178)
Loss on disposal of fixed assets	23,648	-
Change in perpetual and restricted trusts	(256,853)	11,823
Changes in operating assets and liabilities		
Cash held in international offices	(307,838)	3,104,194
Grants receivable	166,952	(229,653)
Contributions receivable	(3,934,100)	2,413,691
Security deposits and other assets	(252,441)	239,761
Accounts payable and accrued expenses	1,168,743	(501,055)
Deferred revenue	(2,103,132)	2,520,799
Severance accrual – international offices	<u>50,044</u>	<u>194,104</u>
Net cash provided by operating activities	<u>6,716,677</u>	<u>17,565,291</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in invested cash and cash equivalents	(857,307)	(4,446,344)
Net (purchase) sales of investments	(87,738)	66,577
Purchases of fixed assets	<u>(363,202)</u>	<u>(327,216)</u>
Net cash used in investing activities	<u>(1,308,247)</u>	<u>(4,706,983)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayments	<u>-</u>	<u>(326,702)</u>
Net cash used in financing activities	<u>-</u>	<u>(326,702)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,408,430	12,531,606
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>41,771,120</u>	<u>29,239,514</u>
End of year	<u>\$47,179,550</u>	<u>\$ 41,771,120</u>

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021 With Summarized Information For 2020

Expenses	Program Services				Supporting Services			2021	2020
	International US Government Programs	International Non-US Government Programs	Domestic Programs	Program Services	Management And General	Fundraising	Total		
Personnel	\$ 11,079,964	\$ 12,282,183	\$ 923,269	\$ 24,285,416	\$ 7,342,555	\$ 1,354,100	\$ 8,696,655	\$ 32,982,071	\$ 32,028,496
Travel (staff and trainees)	846,673	3,512,337	10,936	4,369,946	23,531	-	23,531	4,393,477	4,661,504
Subgrants	13,962,538	8,260,112	-	22,222,650	-	-	-	22,222,650	17,844,539
Meetings, conferences and training workshops	194,381	798,093	94	992,568	7,327	1,218	8,545	1,001,113	1,195,301
Equipment, supplies and maintenance	610,446	733,041	25,185	1,368,672	697,256	47,573	744,829	2,113,501	1,584,943
Program supplies	850,280	1,901,319	56,866	2,808,465	-	-	-	2,808,465	1,797,470
Vehicles and vehicle maintenance	518,112	908,873	304	1,427,289	1,987	-	1,987	1,429,276	1,205,137
Professional fees and services	789,365	3,023,349	285,418	4,098,132	329,395	57,014	386,409	4,484,541	5,414,040
Advertising and broadcasting	181,523	197,602	1,388	380,513	21,553	65,737	87,290	467,803	302,031
Postage	86,834	22,210	16,969	126,013	8,136	2,193	10,329	136,342	63,915
Direct mail	-	-	-	-	-	611,678	611,678	611,678	603,336
Telephone and communication	311,408	413,099	21,763	746,270	107,892	457	108,349	854,619	897,051
Depreciation	23,656	222,000	44,972	290,628	318,525	-	318,525	609,153	615,928
Occupancy	553,677	826,193	35,168	1,415,038	912,802	-	912,802	2,327,840	2,399,199
Printing	147,196	484,249	-	631,445	209	18,427	18,636	650,081	458,565
Other expense	<u>160,767</u>	<u>200,221</u>	<u>5,618</u>	<u>366,606</u>	<u>290,783</u>	<u>77,207</u>	<u>367,990</u>	<u>734,596</u>	<u>773,787</u>
Total expenses before in-kind	30,316,820	33,784,881	1,427,950	65,529,651	10,061,951	2,235,604	12,297,555	77,827,206	71,845,242
Medicines and other (in-kind)	-	<u>112,960,950</u>	-	<u>112,960,950</u>	-	<u>10,000</u>	<u>10,000</u>	<u>112,970,950</u>	<u>120,173,218</u>
Total expenses	<u>\$ 30,316,820</u>	<u>\$ 146,745,831</u>	<u>\$ 1,427,950</u>	<u>\$ 178,490,601</u>	<u>\$ 10,061,951</u>	<u>\$ 2,245,604</u>	<u>\$ 12,307,555</u>	<u>\$ 190,798,156</u>	<u>\$ 192,018,460</u>

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

June 30, 2021 And 2020

(1) NATURE OF ORGANIZATION AND TAX-EXEMPT STATUS

Helen Keller International (*"Helen Keller Intl"*) is the oldest U.S. not-for-profit organization devoted to fighting and treating preventable blindness throughout the world. Helen Keller Intl has expanded to include a range of program interventions to prevent malnutrition and improve health outcomes.

Helen Keller Intl partners with local communities that are striving to overcome longstanding cycles of poverty. By delivering the essential building blocks of good health, sound nutrition and clear vision, Helen Keller Intl helps millions of people create lasting change in their own lives. Helen Keller Intl actively combats the following conditions linked to blindness, disease and death: malnutrition (including micronutrient malnutrition), cataract, diabetic retinopathy, retinopathy of prematurity, refractive error and neglected tropical diseases including onchocerciasis (river blindness), trachoma, intestinal worms, schistosomiasis and lymphatic filariasis. Helen Keller Intl operates in three regions (Africa, Asia and the Americas), encompassing approximately twenty-one countries.

Working with ministries of health, nongovernmental agencies, and local health workers, Helen Keller Intl provides the expertise, training, technical assistance, and other resources to establish evidence-based programs in health and eye care within the existing health care systems of host countries.

HKI Support, Inc. (*"HKI Support"*) was formed as a tax-exempt organization, in which Helen Keller Intl is its sole member. HKI Support's mission is to support the exempt purpose of Helen Keller Intl.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Helen Keller Intl are described below:

BASIS OF PRESENTATION

The financial statements include the accounts of Helen Keller Intl and HKI Support. Significant intercompany transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS

Cash consists of cash on deposit in interest-bearing accounts, certificates of deposit and demand deposits. Cash equivalents consist of highly liquid investments, with original maturities of 91 days or less.

USE OF ESTIMATES

The preparation of financial statements, in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

For the years ended June 30, 2021 and 2020, the fair value of Helen Keller Intl's marketable securities is based on quoted market prices. Similarly, the carrying value of all other financial instruments potentially subject to value risk (principally consisting of cash, accounts receivable, and accounts payable) approximates fair value.

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

CONCENTRATION OF MARKET AND CREDIT RISK

Helen Keller Intl periodically, maintains cash balances in excess of insured limits. Accounting Standards Codification (“ASC”) 825 “*Financial Instruments*” identifies these items as a concentration of credit risk requiring disclosure, regardless of degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Market risk represents the potential loss Helen Keller Intl faces due to the decrease in the value of marketable securities. Credit risk represents the potential loss Helen Keller Intl faces due to the possible nonperformance by obligors and counterparts of the terms of their contracts. Market risk is contained by limiting investments in marketable securities to certificates of deposit, U.S. Government securities, and balanced mutual funds and limiting the holdings in any one security.

MARKETABLE SECURITIES

Marketable securities are carried at fair value with unrealized gains and losses included in the statement of activity and changes in net assets. Donated securities are recorded at their fair value at the date of donation. Dividend and interest income is recorded as earned.

CASH HELD IN INTERNATIONAL OFFICES

Cash held in international offices primarily represents cash in foreign bank accounts that will be used for program activities and is principally located in Asia and Africa. Cash held in international offices includes both cash advanced to field offices by headquarters and cash disbursed directly to field offices by donors.

BENEFICIAL INTERESTS IN PERPETUAL AND RESTRICTED TRUSTS

Beneficial interests in perpetual trusts include Helen Keller Intl’s respective share of the fair value of the total funds held in trust by others for which Helen Keller Intl is the recipient of all or a percentage of the income. Helen Keller Intl has an irrevocable right to receive the income earned on the trust assets, but the trust assets must be held in perpetuity. Helen Keller Intl is also the recipient under a restricted trust whereby Helen Keller Intl receives 10% of the annual income of the trust. The trust terminates in 2041, at which time 10% of the corpus and any accumulated income of the trust will be distributed to Helen Keller Intl.

FIXED ASSETS

Purchased fixed assets are recorded at cost. Contributed fixed assets are recorded at their estimated fair value. Depreciation is provided based upon the estimated useful lives of the assets (3 to 7 years) using the straight-line method. Leasehold improvements are amortized over the life of the lease, using the straight-line method. Amounts not deemed significant are expensed in the year of purchase and allocated to functional areas based upon actual usage.

REVENUE RECOGNITION

Helen Keller Intl recognizes contributions when cash, securities or other assets, and unconditional promise to give, or a notification of a beneficial interest is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before Helen Keller Intl is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. Helen Keller Intl recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are 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 of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “*net assets released from restrictions.*”

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

A portion of Helen Keller Intl's revenue is derived from cost-reimbursable federal and other grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Helen Keller Intl has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Helen Keller Intl was granted a \$1,766,300 loan under the Paycheck Protection Program ("PPP") administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. Helen Keller Intl initially recorded the loan as a refundable advance, which was included in Deferred Revenue, and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. Helen Keller Intl has recognized \$1,536,886 and \$229,414 as grant revenue for the years ended June 30, 2021 and 2020 respectively. The portion of the loan that was not recognized as revenue at June 30, 2020 was \$1,536,886 and was reported as Deferred Revenue in the Statements of Financial Position. The remaining PPP loan funds were recognized in fiscal 2021 as qualifying expenses were incurred. This PPP loan was forgiven in April 20, 2021.

Helen Keller Intl was granted a second PPP Loan of \$1,654,200 (the "Second PPP Loan") loan under the Paycheck Protection Program administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. Helen Keller Intl initially recorded the loan as a refundable advance, which was included in Deferred Revenue, and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the Second PPP Loan no longer existed. Helen Keller Intl has recognized \$280,000 as grant revenue on this loan for the year ended June 30, 2021. The portion of the loan that has not been recognized as revenue as June 30, 2021 was \$1,374,200 and is reported as Deferred Revenue in the Statements of Financial Position. The Second PPP Loan funds will be recognized in fiscal 2022 as qualifying expenses are incurred. If such conditions are not met, Helen Keller Intl is required to repay the PPP Loan in five years from the date of the agreement at a 1% annual interest rate.

CONTRIBUTIONS OF MEDICAL SUPPLIES, MEDICINES AND OTHER (IN-KIND)

Contributions of medical supplies consist of supplies received from major pharmaceutical companies and are used to fight and prevent blindness. Donated supplies are recorded at estimated fair value based upon the pricing source inputs which considers wholesale prices and donor values on date of receipt. During the years ended June 30, 2021 and 2020, Helen Keller Intl received and distributed \$112,960,950 and \$119,487,000, respectively, of the product Mectizan from a donor for the treatment of onchocerciasis. As a result, contributions – medicines and other (in-kind) and expenses consists primarily of the value of the product Mectizan.

Beginning January 2021, the donor updated the value of Mectizan, taking into consideration supply chain efficiencies obtained and lowered the unit cost of the medicine. The lower unit cost was applicable to approximately 7% of the total donation received during the year ended June 30, 2021. The new unit cost will significantly affect the values recorded for donations received in future years.

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

NET ASSETS

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Helen Keller Intl and changes therein are classified and reported as follows:

Net Assets without donor-imposed restrictions – include the revenues and expenses associated with the principal mission of Helen Keller Intl.

Net Assets with donor-imposed restrictions – include gifts for which donor-imposed restrictions have not been met. Also included in this category are net assets required to be held in perpetuity which include:

- ◆ Endowment Fund – Endowment funds include gifts and contributions on which the donor has imposed a restriction requiring that the original corpus must be invested in perpetuity, with only the related income to be made available for use in accordance with the restrictions of the donor.
- ◆ Beneficial Interest in Perpetual Trusts – Beneficial interest in perpetual trusts represents a contribution which the donor has placed with a third party. Helen Keller Intl has the irrevocable right to receive the income earned on the trust assets in perpetuity but cannot receive the assets held in trust.

FOREIGN CURRENCY TRANSACTIONS

Transactions gains and losses that arise from exchange rate fluctuations denominated in foreign currency are included in program services in the statement of activity and changes in net assets, as incurred. Translation gains (losses) amounted to approximately \$13,000 and (\$151,400) in 2021 and 2020, respectively.

ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on the consolidated statement of activities and changes in net assets on a functional basis. The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated to components of these services based on factors determined by management.

INCOME TAXES

Under provisions of the Internal Revenue Code Section 501(c)(3) and the applicable income tax regulations, Helen Keller Intl is exempt from taxes on income. Therefore, no provision for income taxes has been made. Helen Keller Intl has not been classified as a private foundation.

Management has reviewed the tax positions for each of the open fiscal tax years (2018 - 2020) or expected to be taken in Helen Keller Intl's fiscal 2021 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

PRIOR YEAR INFORMATION

The financial statements include certain prior year summarized comparative information, in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements of Helen Keller Intl, as of, and for the year ended, June 30, 2020, from which the summarized information was derived.

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CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

ACCOUNTING PRONOUNCEMENTS - NOT YET ADOPTED

In 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. Helen Keller Intl plans to adopt the new ASU at the required implementation date.

(3) MARKETABLE SECURITIES

As of June 30, 2021 and 2020, the cost and the fair value of marketable securities were as follows:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and Money Market Funds	\$ 178,113	\$ 178,113	\$ 170,656	\$ 170,656
Certificates of Deposit	7,176,100	7,164,833	6,250,323	6,314,984
U.S. Government Agency – FNMA	26,408	29,921	32,486	37,207
Mutual Funds	<u>454,219</u>	<u>775,166</u>	<u>446,561</u>	<u>576,987</u>
	<u>\$7,834,840</u>	<u>\$8,148,033</u>	<u>\$6,900,026</u>	<u>\$7,099,834</u>

Helen Keller Intl utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles established a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

The summary of inputs used to value the Helen Keller Intl's investments as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Cash and Money Market Funds	\$ 178,113	\$ 178,113	\$ -	\$ -
Certificates of Deposit	7,164,833	7,164,833	-	-
U.S. Government Agency - FNMA	29,921	-	29,921	-
Mutual Funds	<u>775,166</u>	<u>775,166</u>	<u>-</u>	<u>-</u>
	<u>\$8,148,033</u>	<u>\$8,118,112</u>	<u>\$29,921</u>	<u>\$ -</u>
Beneficial Interest in perpetual and restricted trusts	<u>\$1,367,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,367,182</u>
	<u>2020</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Cash and Money Market Funds	\$ 170,656	\$ 170,656	\$ -	\$ -
Certificates of Deposit	6,314,984	6,314,984	-	-
U.S. Government Agency - FNMA	37,207	-	37,207	-
Mutual Funds	<u>576,987</u>	<u>576,987</u>	<u>-</u>	<u>-</u>
	<u>\$7,099,834</u>	<u>\$7,062,627</u>	<u>\$37,207</u>	<u>\$ -</u>
Beneficial Interest in perpetual and restricted trusts	<u>\$1,110,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,110,329</u>

The changes in the Beneficial Interest in perpetual and restricted trusts measured at fair value for which Helen Keller Intl used Level 3 inputs to determine fair value are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 1,110,329	\$1,122,152
Realized/unrealized gains (losses) – net/change in valuation	<u>256,853</u>	<u>(11,823)</u>
Ending balance	<u>\$1,367,182</u>	<u>\$1,110,329</u>

The beneficial interest in perpetual and restricted trusts is measured at the fair value of the underlying investments. Since Helen Keller Intl does not have access to the underlying investments, fair value measurement is Level 3.

(4) CONTRIBUTIONS RECEIVABLE

Contributions receivable are due as follows:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 7,242,431	\$ 5,991,496
Due in one to five years	<u>6,709,000</u>	<u>4,023,697</u>
Total contributions receivable	13,951,431	10,015,193
Less: Discount at 0.07% and 0.16% at June 30, 2021 and 2020, respectively	<u>(7,666)</u>	<u>(5,528)</u>
Net present value of contributions receivable	<u>\$13,943,765</u>	<u>\$10,009,665</u>

No allowance for uncollectible contributions receivable has been recorded at June 30, 2021 and 2020 based on management's estimate of collectability.

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CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

(5) FIXED ASSETS

Fixed assets, as of June 30, 2021 and 2020, were comprised of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 2,028,477	\$ 2,017,589
Leasehold improvements	18,998	18,998
Field office furniture, vehicles and equipment	<u>4,041,305</u>	<u>3,878,452</u>
	6,088,780	5,915,039
Less: accumulated depreciation and amortization	<u>(5,284,176)</u>	<u>(4,840,836)</u>
	<u>\$ 804,604</u>	<u>\$ 1,074,203</u>

Field office furniture and equipment are located primarily in Asia and Africa.

(6) NET ASSETS

Net assets with donor-imposed restrictions are available at June 30 as follows:

	<u>2021</u>	<u>2020</u>
<i>Restricted by Purpose</i>		
US Vision Program	\$ 918,676	\$ 839,399
Neglected Tropical Diseases	3,320,480	5,270,343
Nutrition	48,086,043	37,639,596
International Eye Health	<u>572,800</u>	<u>791,591</u>
	<u>52,897,999</u>	<u>44,540,929</u>
<i>Perpetual in Nature</i>		
Beneficial interest in perpetual trusts	1,267,726	1,028,436
Endowment funds	<u>522,094</u>	<u>22,094</u>
	<u>1,789,820</u>	<u>1,050,530</u>
Total donor restricted net assets	<u>\$54,687,819</u>	<u>\$45,591,459</u>

During the year ended June 30, 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

Net Assets with donor restrictions:

US Vision Program	\$ 1,646,833
Neglected Tropical Diseases	20,854,632
Nutrition	49,226,460
General Management	1,419,406
International Eye Health	<u>1,644,464</u>
	<u>\$74,791,795</u>

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

ENDOWMENT FUNDS

Helen Keller Intl's endowment funds consist of individual funds established for a variety of purposes. Its endowment funds consist of donor-restricted endowment funds. As required by GAAP in the United States, net assets associated with endowment funds, are classified and reported based upon the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

Helen Keller Intl is incorporated in the state of New York, which has enacted the New York Prudent Management of Institutional Funds Act ("*NYPMIFA*"). NYPMIFA governs donor restricted endowment funds for not-for-profit corporations. Helen Keller Intl has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Helen Keller Intl classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Helen Keller Intl.

Helen Keller Intl considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the Endowment Fund
- (2) The purposes of Helen Keller Intl and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Helen Keller Intl
- (7) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution.
- (8) Helen Keller Intl's Endowment Investment Policy Statement

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

SPENDING POLICY

Helen Keller Intl will follow an endowment policy that is in accordance with the New York Management of Institutional Funds Act (“NYPMIFA”).

Endowment net asset composition by type of fund as of June 30, 2021 and 2020:

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds / pledges	\$ -	\$ 522,094	\$ 522,094
Funds functioning as endowment funds	-	-	-
Total Funds	<u>\$ -</u>	<u>\$ 522,094</u>	<u>\$ 522,094</u>

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds / pledges	\$ -	\$ 22,094	\$ 22,094
Funds functioning as endowment funds	-	-	-
Total Funds	<u>\$ -</u>	<u>\$ 22,094</u>	<u>\$ 22,094</u>

Changes in endowment net assets for the years ended June 30, 2021 and 2020:

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ -	\$ 22,094	\$ 22,094
Contributions	-	500,000	500,000
Investment income, net	-	-	-
Endowment income designated for current operations	-	-	-
Endowment net assets, June 30, 2021	<u>\$ -</u>	<u>\$ 522,094</u>	<u>\$ 522,094</u>

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ -	\$ -	\$ -
Contributions	-	22,094	22,094
Investment income, net	-	-	-
Endowment income designated for current operations	-	-	-
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 22,094</u>	<u>\$ 22,094</u>

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

(7) EMPLOYEE RETIREMENT PLANS

Helen Keller Intl has a defined contribution (money purchase) plan, which qualifies under section 403(b) of the Internal Revenue Code. An employee becomes eligible for participation upon reaching twenty-one years of age. Helen Keller Intl matches up to 5% of gross salary for qualified employees of the plan. Plan contributions by Helen Keller Intl were approximately \$515,300 and \$460,100 for the years ended June 30, 2021 and 2020, respectively.

Helen Keller Intl has also established a non-qualified retirement plan for eligible employees working overseas who are not United States citizens or resident aliens. Helen Keller Intl contributes 5% of gross salary to the plan for eligible employees. Employer contributions under the plan were approximately \$90,400 and \$101,000 for the years ended June 30, 2021 and 2020, respectively.

Pension contributions are made on behalf of local personnel in field offices in accordance with statutory requirements in the country of employment.

(8) LINE OF CREDIT

Commencing April 2021, Helen Keller Intl has a line of credit with a bank in the amount of \$3,000,000. Helen Keller Intl could elect the interest rate to be used at the time for each request of an advance equal to (a) the greater of the bank's prime rate or 2% over the bank's one month rate on deposits; or (b) the London Interbank Offered Rate (LIBOR) plus 1.00%. The LIBOR rate has a floor of 0.50%. Any advance under the line would be made at the bank's discretion in an amount of not less than \$100,000. The line was collateralized by all contribution receivables. Helen Keller Intl is required to maintain a minimum liquidity of \$3,000,000 of cash, cash equivalents and investments. The line matures April 22, 2022. The previous line of credit for \$3,000,000 which matured February 28, 2021, had the same terms as the current line on credit, except that the interest rate Helen Keller Intl was able to elect was the (a) the greater of the bank's prime rate or 2% over the bank's one month rate on deposits; or (b) LIBOR plus 0.75%. In addition, there was no LIBOR floor. There were no amounts outstanding on the line at June 30, 2021 or 2020.

(9) COMMITMENTS AND CONTINGENCIES

LEASE

Helen Keller Intl leases office space in New York City under a lease which commenced January 2018 and expires December 2025. In addition, Helen Keller Intl leases certain office equipment under operating leases expiring through April 2022. Most international office leases are paid in advance or are month-to-month basis.

The minimum annual rentals payable under the leases are as follows:

<u>Year Ending June 30,</u>	<u>Amounts Per Lease Agreements</u>
2022	\$ 929,200
2023	798,300
2024	710,300
2025	710,700
2026	<u>355,400</u>
Future minimum lease payments	<u>\$3,503,900</u>

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

Rent expense, including for lease agreements that are less than one year in length, for the years ended June 30, 2021 and 2020 was approximately \$1,650,600 and \$1,712,600, respectively.

As of June 30, 2021 and 2020, there was a \$100,000 letter of credit to the landlord in lieu of a security deposit.

GRANTS

Grant awards received from the U.S. Government and certain other grantors are subject to audit by those grantors. In the opinion of management, no material liability exists, if any, in connection therewith which would materially affect the financial position of Helen Keller Intl.

Additionally, under the terms of the U.S. Government grants, which are made based upon the acceptance by the U.S. Government of the program proposals submitted by Helen Keller Intl, amounts are stipulated for both direct program costs and Helen Keller Intl administrative overhead costs. The administrative overhead rate used by Helen Keller Intl, while provisionally approved, is subject to review and final approval by the U.S. Government. The Helen Keller Intl administrative overhead rate has been approved through June 30, 2020. Management believes that any adjustment to the 2021 administrative overhead rate, if any, will not have a material effect on the financial position or operating results of Helen Keller Intl.

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The current operating environment is changing rapidly. The extent of the impact that the COVID-19 pandemic will have on the financial performance of Helen Keller Intl's investments and operations is not reasonably estimable as of the date that the financial statements were available for issuance. Helen Keller Intl will continue to monitor the effects of the COVID-19 pandemic and will adjust its operations as necessary.

(10) CONDITIONAL PROMISES TO GIVE

At June 30, 2021 Helen Keller Intl has received conditional promises to give, which are subject to donor-imposed conditions including barriers that must be overcome by Helen Keller Intl and a right of release of donor from their obligation to transfer any future payments, as follows:

Contributions – corporations, foundations and individuals	\$18,439,634
Grants - US Government agencies	37,350,551
Grants – Non U.S. Government agencies	<u>2,409,600</u>
	<u>\$58,199,785</u>

HELEN KELLER INTERNATIONAL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

(11) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects Helen Keller Intl's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available by contractual restrictions and/or Board designations to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents	\$ 47,179,550	\$ 41,771,120
Cash held in international offices	4,769,919	4,462,081
Investments	8,148,033	7,099,834
Grants receivable	6,464,334	6,631,286
Contributions receivable, current portion	<u>7,242,431</u>	<u>5,991,496</u>
Total financial assets	73,804,267	65,955,817
Less:		
Restricted net assets, net of long-term contributions receivable:		
Purpose:		
Perpetual in nature	(222,094)	(22,094)
Gift annuities	<u>(93,031)</u>	<u>(92,872)</u>
Total financial assets available within one year	<u>\$ 26,992,477</u>	<u>\$ 25,318,092</u>

The organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. As such, if expenditures are incurred and meet the purpose restrictions, these purpose restricted net assets will be available to meet these expenditures over the next twelve months. 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 has a liquidity policy to maintain current financial assets less current liabilities at a target minimum equal to 6 months of average recurring operating costs by setting aside at least an average of two percent (2%) of annual unrestricted proceeds over a rolling three-year period. To achieve these targets, the organization monitors its liquidity quarterly and monitors its reserves annually. In addition, Helen Keller Intl maintains a line of credit with a bank in the amount of \$3,000,000 which can be drawn upon if needed.

(12) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, January 14, 2022 have been evaluated in the preparation of the financial statements and management has determined that there are no subsequent events that would require disclosure or adjustment in the financial statements.