

USAHello

Audited Consolidated Financial Statements

For the Year Ended December 31, 2021



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
USAHello

### Opinion

We have audited the accompanying consolidated financial statements of USAHello (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of USAHello as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about USAHello's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USAHello's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USAHello's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited USAHello 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*McDonald Jacobson, P.C.*

Portland, Oregon  
August 30, 2022

USAHELLO  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
December 31, 2021  
(With comparative totals for 2020)

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 170,440	\$ 125,574
Pledges receivable	6,443	35,070
Other assets	369	369
Italian cash reserves	75,303	62,762
Property and equipment, net	159,516	164,651
 TOTAL ASSETS	 \$ 412,071	 \$ 388,426
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 3,710	\$ 18,323
Accrued personnel expenses	61,217	45,768
Total liabilities	64,927	64,091
Net assets (deficit):		
Without donor restrictions:		
Undesignated	(123,618)	46,922
Italian cash reserves	75,303	62,762
Net property and equipment	159,516	164,651
Total without donor restrictions	111,201	274,335
With donor restrictions	235,943	50,000
Total net assets	347,144	324,335
 TOTAL LIABILITIES AND NET ASSETS	 \$ 412,071	 \$ 388,426

See notes to consolidated financial statements.

USAHELLO  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the year ended December 31, 2021  
(With comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Support and revenue:</b>				
Contributions and grants	\$ 468,077	\$ 410,406	\$ 878,483	\$ 760,532
Government grant	95,892	-	95,892	95,892
Donated materials and services	197,356	-	197,356	138,311
Foreign currency translation	(7,688)	-	(7,688)	3,639
Net assets released from restrictions:				
Satisfaction of purpose restrictions	224,463	(224,463)	-	-
Total support and revenue	978,100	185,943	1,164,043	998,374
<b>Expenses:</b>				
Program	937,015	-	937,015	816,847
Management and general	134,197	-	134,197	129,107
Fundraising	70,022	-	70,022	54,264
Total expenses	1,141,234	-	1,141,234	1,000,218
Change in net assets	(163,134)	185,943	22,809	(1,844)
<b>Net assets:</b>				
Beginning of year	274,335	50,000	324,335	326,179
End of year	\$ 111,201	\$ 235,943	\$ 347,144	\$ 324,335

See notes to consolidated financial statements.

USAHELLO  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2021  
(With comparative totals for 2020)

	Program				Management and General	Fundraising	Total	2020 Total
	Community	Education	Resources	Total Program				
Salaries and related costs	\$ 147,580	\$ 121,774	\$ 314,640	\$ 583,994	\$ 89,922	\$ 47,482	\$ 721,398	\$ 711,996
Professional fees	2,729	-	4,663	7,392	26,554	1,166	35,112	30,667
Program outreach	572	-	1,284	1,856	-	-	1,856	9,774
Information technology	-	599	13,199	13,798	1,610	-	15,408	9,457
Rent	-	-	-	-	-	-	-	2,155
Content development	10,317	-	33,609	43,926	-	-	43,926	20,974
Advertising	1,530	20,735	206,566	228,831	-	40	228,871	159,317
Travel and meetings	1,239	211	979	2,429	2,820	138	5,387	1,165
Depreciation	16,821	16,821	16,821	50,463	1,674	20,306	72,443	38,063
Miscellaneous	3,475	8	843	4,326	11,617	890	16,833	16,650
Total expenses	<u>\$ 184,263</u>	<u>\$ 160,148</u>	<u>\$ 592,604</u>	<u>\$ 937,015</u>	<u>\$ 134,197</u>	<u>\$ 70,022</u>	<u>\$ 1,141,234</u>	<u>\$ 1,000,218</u>

See notes to consolidated financial statements.

USAHELLO  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2021  
(With comparative totals for 2020)

	2021	2020
<b>Cash flows from operating activities:</b>		
Cash received from donors	\$ 902,417	\$ 795,635
Cash received from Paycheck Protection Program	95,892	95,892
Cash received from (paid for) other activities	(3,118)	8,055
Cash paid to employees	(705,949)	(714,903)
Cash paid to suppliers	(151,504)	(107,810)
Net cash flows from operating activities	137,738	76,869
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(80,331)	(48,783)
Net cash flows from investing activities	(80,331)	(48,783)
Net change in cash and cash equivalents	57,407	28,086
Cash and cash equivalents - beginning of year	188,336	160,250
Cash and cash equivalents - end of year	\$ 245,743	\$ 188,336
<b>Reconciliation to statement of financial position:</b>		
Cash and cash equivalents	\$ 170,440	\$ 125,574
Italian cash reserves	75,303	62,762
	\$ 245,743	\$ 188,336

See notes to consolidated financial statements.

USAHELLO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021

1. DESCRIPTION OF ORGANIZATION

USAHello (the Organization) is a nonprofit organization established in 2011. The Organization's mission is to use the power of technology to connect refugees, asylum seekers and immigrants to information and education to build a new life in the United States. Through free online multilingual resources, people are able to access relevant information and classes to navigate life in a new place. Information and tools for receiving communities empower supporters to create more welcoming communities for all.

The Organization's programs are as follows:

Community

USAHello believes in the value of lived experiences. USAHello's social media presence works to share valuable information for newcomers and creates a place to highlight relevant policy updates and news. The Organization maintains active communication with the community through email, messenger and WhatsApp channels to direct people to the information and services they are searching for. Finally, USAHello collaborates closely with services providers and newcomers to gather information and feedback that regularly informs the organization's programming.

Education

USAHello's free self-paced online classroom supports over 40,000 students each year working toward two of the highest priorities for many immigrants in the USA: educational advancement and citizenship. These unique GED high school equivalency and civics courses have been developed specifically for English language learners.

Resources

USAHello's work compliments the network of on the ground service providers to help newly arriving immigrants find the information and resources they need. The organization's website, USAHello.org, serves as a field guide for new immigrants, providing multilingual information and resources on a wide variety of topics, written in simple language and continually curated to best address newcomers' needs.



USAHELLO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of USAHello and Italia Hello, the Organization's Italian operations. All significant inter-organization amounts have been eliminated in consolidation.

Net Assets

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Italian Cash Reserves

The Organization is required to maintain a reserve of 30,000 euros in an Italian bank account as part of its operations in Italy, as well as a defined amount to fund employee separation.

Pledges Receivable

Pledges receivable are reported at the amount management expects to collect on balances outstanding at year end. All pledges receivable at December 31, 2021 and 2020 are expected to be collectible within one year.

USAHELLO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Internally-developed website and applications are capitalized and recorded at cost. Capitalized costs incurred during the application development period in which the application is determined to be technologically feasible and made available for general use include external consulting costs, internal payroll and payroll-related costs for employees who are directly associated with the application project and indirect costs limited to a percentage of total direct costs. Application maintenance, training, and business process costs are expensed in the period in which they are incurred. Application assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable over the remaining lives of the assets.

Depreciation

Depreciation of property, equipment, website and applications is calculated using the straight-line method over the estimated useful lives of the assets, which range from 3-5 years.

Income Tax Status

USAHello is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying consolidated financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

Italia Hello is a nonprofit corporation established under the Articles of Italian Legislation.

The Organization follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the consolidated financial statements to comply with provisions of this Topic.

USAHELLO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Revenue Recognition

Revenues from various sources are recognized as follows:

**Contributions and Grants:** Contributions and grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of December 31, 2021, contributions approximating \$98,000 have not been recognized in the accompanying consolidated statement of activities because the conditions on which they depend have not been met.

**Government Grant (Paycheck Protection Program Loan):** The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The loan may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the advance will be recognized as revenue. The Organization received PPP loans of approximately \$95,900 in both 2021 and 2020. The allowable expense conditions were met during the same year the funds were received and were recognized as revenue. The amounts are reflected as government grant revenue in the consolidated statement of activities.

**Donated Materials and Services:** Donations of materials and other services are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated materials and services consist of the following revenue and expense amounts for 2021 and 2020:

	2021	2020
Donated advertising included in education	\$ 3,365	\$ 50,740
Donated advertising included in program resources	187,715	78,104
Professional services included in program resources	6,276	9,467
Total donated materials and services	\$ 197,356	\$ 138,311

USAHELLO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$228,900 and \$159,300 during 2021 and 2020, respectively.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The associated expenses that are allocated include: salaries and related costs, professional fees, information technology, rent, and depreciation which are allocated on estimates of time and effort.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year consolidated financial statements and primarily relate to reporting donated materials and services at gross amounts for 2020.

Summarized Financial Information for 2020

The financial information as of December 31, 2020 and for the year then ended is presented for comparative purposes and is not intended to be a complete consolidated financial statement presentation.

Subsequent Events

The Organization has evaluated all subsequent events through August 30, 2022, the date the consolidated financial statements were available to be issued.

USAHELLO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2021

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use

Financial assets available for general expenditure consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 170,440	\$ 125,574
Pledges receivable	6,443	35,070
Italian cash reserves	<u>75,303</u>	<u>62,762</u>
	252,186	223,406
Less amounts unavailable for general expenditure:		
Italian cash reserves	75,303	62,762
Net assets with donor restrictions	<u>80,743</u>	<u>50,000</u>
Financial assets available for general expenditure	<u>\$ 96,140</u>	<u>\$ 110,644</u>

4. ITALIAN CASH RESERVES

Italian cash reserves consist of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Operating reserves per Italian legislation	\$ 33,972	\$ 36,847
Employment compliance reserve	<u>41,331</u>	<u>25,915</u>
Total Italian cash reserves	<u>\$ 75,303</u>	<u>\$ 62,762</u>

USAHELLO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2021

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 10,946	\$ 10,946
Website and applications	231,135	108,911
Website and application development in process	<u>54,440</u>	<u>109,355</u>
	296,521	229,212
Accumulated depreciation	<u>(137,005)</u>	<u>(64,561)</u>
Property and equipment, net	<u>\$ 159,516</u>	<u>\$ 164,651</u>

6. LEASE COMMITMENT

The Organization leased an administrative office in Italy, with monthly rent of approximately \$580. This lease was terminated in June 2020. Rent expense totaled approximately \$2,200 for 2020. The Organization presently conducts operations virtually.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Online classroom	\$ 65,000	\$ 50,000
Italy operations	<u>170,943</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 235,943</u>	<u>\$ 50,000</u>

8. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in several domestic and foreign financial institutions. Balances in each U.S. institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits were approximately \$144,000 and \$142,000 as of December 31, 2021 and 2020, respectively, which primarily includes Italian bank accounts. The Organization's revenues are concentrated with 50% of total revenues coming from one source for 2021 and 58% of total revenues coming from one source for 2020.

USAHELLO  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2021

9. RELATED PARTY DISCLOSURE

Certain board members are business owners in the community. At times, the Organization enters into transactions with companies where board members are key employees or owners. In addition, approximately 55% and 62% of revenues received in 2021 and 2020, respectively, were from grantors affiliated with board members or their family members.

10. FOREIGN CURRENCY TRANSLATION

The Organization maintains bank accounts in Italy that are held in euros. The account balance and transactions have been translated to U.S. dollars for reporting purposes, with any gain or loss from currency translation included in the change in net assets. Management has assessed the risk of loss associated with the foreign currency exchange as minimal.

11. RETIREMENT PLAN

In 2020, the Organization established a SIMPLE IRA plan available to eligible employees with matching contributions equal to the employee contribution up to a limit of 3% of the employee's compensation for the year. Contributions to the plan totaled approximately \$11,500 and \$10,300 for 2021 and 2020, respectively.