



**UNITED HELP UKRAINE, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2023



# UNITED HELP UKRAINE, INC.

## FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Help Ukraine, Inc.

### Opinion

We have audited the accompanying financial statements of United Help Ukraine, Inc. (UHU), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UHU as of December 31, 2023, and 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.

### Basis for Opinion

We conducted our audits 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 UHU 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UHU'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 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, including omissions, 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 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 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 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 UHU'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UHU'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.

Bethesda, MD  
August 12, 2024

*Calibre CPA Group, PLLC*



## UNITED HELP UKRAINE, INC.

### STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 1,030,840	\$ 10,292,458
Investments - short term	5,780,706	-
Furniture and equipment	6,400	8,000
Operating right-of-use asset	<u>155,643</u>	<u>-</u>
Total assets	<u>\$ 6,973,589</u>	<u>\$ 10,300,458</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 62,379	\$ 92,693
Accrued expenses	833	36,669
Operating lease liability	<u>155,124</u>	<u>-</u>
Total liabilities	<u>218,336</u>	<u>129,362</u>
<b>Net assets</b>		
Without donor restrictions	6,755,253	10,171,096
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>6,755,253</u>	<u>10,171,096</u>
Total liabilities and net assets	<u>\$ 6,973,589</u>	<u>\$ 10,300,458</u>



## UNITED HELP UKRAINE, INC.

### STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>						
Grant and contributions	\$ 4,761,775	\$ 667,570	\$ 5,429,345	\$ 37,978,085	\$ 234,420	\$ 38,212,505
Other revenue	238,842	-	238,842	63,378	-	63,378
Contributed nonfinancial assets	12,980,958	-	12,980,958	17,395,201	-	17,395,201
Net assets released from restrictions	<u>667,570</u>	<u>(667,570)</u>	<u>-</u>	<u>234,420</u>	<u>(234,420)</u>	<u>-</u>
Total support and revenue	<u>18,649,145</u>	<u>-</u>	<u>18,649,145</u>	<u>55,671,084</u>	<u>-</u>	<u>55,671,084</u>
<b>Expenses</b>						
Program services						
Defender's Aid	3,857,119	-	3,857,119	21,194,485	-	21,194,485
Medical Aid	13,922,549	-	13,922,549	15,829,643	-	15,829,643
Humanitarian Welfare	2,332,461	-	2,332,461	7,501,739	-	7,501,739
Raising Awareness	136,897	-	136,897	199,432	-	199,432
Shipping Services	<u>563,786</u>	<u>-</u>	<u>563,786</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	<u>20,812,812</u>	<u>-</u>	<u>20,812,812</u>	<u>44,725,299</u>	<u>-</u>	<u>44,725,299</u>
Supporting services						
General and administrative	702,202	-	702,202	724,335	-	724,335
Fundraising	<u>549,974</u>	<u>-</u>	<u>549,974</u>	<u>74,761</u>	<u>-</u>	<u>74,761</u>
Total supporting services	<u>1,252,176</u>	<u>-</u>	<u>1,252,176</u>	<u>799,096</u>	<u>-</u>	<u>799,096</u>
Total expenses	<u>22,064,988</u>	<u>-</u>	<u>22,064,988</u>	<u>45,524,395</u>	<u>-</u>	<u>45,524,395</u>
<b>Change in net assets</b>	(3,415,843)	-	(3,415,843)	10,146,689	-	10,146,689
<b>Net assets</b>						
Beginning of year	<u>10,171,096</u>	<u>-</u>	<u>10,171,096</u>	<u>24,407</u>	<u>-</u>	<u>24,407</u>
End of year	<u>\$ 6,755,253</u>	<u>\$ -</u>	<u>\$ 6,755,253</u>	<u>\$ 10,171,096</u>	<u>\$ -</u>	<u>\$ 10,171,096</u>

See accompanying notes to financial statements.



## UNITED HELP UKRAINE, INC.

### STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services			Total	
	Defender's Aid	Medical Aid	Humanitarian Welfare	Raising Awareness	Shipping Services	Total Program Services	General and Administrative	Fundraising		Total Support Services
Salaries, payroll taxes and fees	\$ 67,661	\$ 95,414	\$ 55,553	\$ 52,841	\$ -	\$ 271,469	\$ 52,532	\$ 210,127	\$ 262,659	\$ 534,128
Professional fees	-	-	-	-	-	-	363,570	-	363,570	363,570
Events expenses	-	-	2,819	20,215	-	23,034	22,732	112,260	134,992	158,026
Media, advertising and outreach	-	-	-	-	-	-	-	198,637	198,637	198,637
Communication equipment	572,427	-	49,102	-	-	621,529	-	-	-	621,529
Freight services	-	-	-	-	562,238	562,238	-	-	-	562,238
Grants made	222,845	87,875	656,319	1,480	-	968,519	105,000	-	105,000	1,073,519
Medical equipment	20,060	349,531	-	-	-	369,591	-	-	-	369,591
Medical supplies	2,099,347	235,275	-	-	-	2,334,622	-	-	-	2,334,622
Protective gear	7,306	-	244,919	-	-	252,225	-	-	-	252,225
Relief supplies	196,174	37,319	-	-	-	233,493	-	-	-	233,493
Transportation services	-	-	1,226,377	-	-	1,226,377	-	-	-	1,226,377
Warehouse services	-	-	1,649	-	-	1,649	8,654	-	8,654	10,303
Fuel expense	-	2,213	-	22,164	-	24,377	-	-	-	24,377
Airfare and related expenses	-	10,313	-	20,684	-	30,997	-	-	-	30,997
Medical training	20,638	112,614	-	-	-	133,252	-	-	-	133,252
Other program expenses	-	140,734	51,805	18,263	-	210,802	-	-	-	210,802
Tactical gear	565,922	-	-	-	-	565,922	-	-	-	565,922
Bank and other fees	-	-	-	-	-	-	11,646	-	11,646	11,646
Rent expenses	-	-	-	-	-	-	77,214	-	77,214	77,214
Insurance	-	-	-	-	-	-	8,076	-	8,076	8,076
Other operating expenses	-	366	-	1,250	142	1,758	52,778	28,950	81,728	83,486
Contributed nonfinancial assets	84,739	12,850,895	43,918	-	1,406	12,980,958	-	-	-	12,980,958
	<u>\$ 3,857,119</u>	<u>\$ 13,922,549</u>	<u>\$ 2,332,461</u>	<u>\$ 136,897</u>	<u>\$ 563,786</u>	<u>\$ 20,812,812</u>	<u>\$ 702,202</u>	<u>\$ 549,974</u>	<u>\$ 1,252,176</u>	<u>\$ 22,064,988</u>

See accompanying notes to financial statements.



# UNITED HELP UKRAINE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services					Supporting Services			Total
	Defenders Aid	Medical Aid	Humanitarian Welfare	Raising Awareness	Program Services	General and Administrative	Fundraising	Support Services	
Salaries, payroll taxes and fees	\$ 35,327	\$ 4,120	\$ 15,897	\$ 81,034	\$ 136,378	\$ 53,487	\$ -	\$ 53,487	\$ 189,865
Professional fees	-	-	664	-	61,833	151,083	-	151,083	151,083
Events expenses	-	360	-	60,809	31,257	1,053	4,680	5,733	67,566
Media, advertising and outreach	-	-	-	31,257	3,212,180	10,072	55,942	66,014	97,271
Communication equipment	3,196,957	-	2,344	12,879	2,210,860	1,004	-	1,004	3,213,184
Freight services	-	44,800	2,166,060	-	1,730,742	864	126	990	2,211,850
Grants made	649,171	65,820	1,007,229	8,522	605,242	-	-	-	1,730,742
Support for Internally Displaced People (IDP)	-	-	605,242	-	605,242	-	-	-	605,242
Medical equipment	236,899	447,224	-	-	684,123	-	-	-	684,123
Medical supplies	6,365,240	864,055	5,818	-	7,235,113	255	-	255	7,235,368
Protective gear	5,415,240	-	938	-	5,416,178	-	-	-	5,416,178
Relief supplies	785,204	61,431	483,941	-	1,330,576	-	-	-	1,330,576
Transportation services	10,500	142	2,408,274	930	2,419,846	2,822	-	2,822	2,422,668
Humanitarian Aid to Volunteer Defenders	347,515	15,000	-	-	362,515	-	-	-	362,515
Warehouse services	-	1,069	2,000	-	3,069	123,386	-	123,386	126,455
Fuel expense	20,000	-	12,933	-	32,933	5,079	-	5,079	38,012
Airfare and related expenses	-	-	21,148	-	21,148	8,745	-	8,745	29,893
Medical training	5,527	19,509	3,415	-	28,451	-	-	-	28,451
Other program expenses	-	7,850	5,000	-	12,850	16,767	-	16,767	29,617
Tactical gear	1,785,291	-	-	-	1,785,291	-	-	-	1,785,291
Bank and other fees	104	-	-	-	104	196,823	9,588	206,411	206,515
Rent expenses	-	-	-	1,055	1,055	62,120	-	62,120	63,175
Insurance	-	-	-	-	-	11,432	-	11,432	11,432
Other operating expenses	6,130	807	-	2,946	9,883	77,814	4,425	82,239	92,122
Contributed nonfinancial assets	2,335,380	14,297,456	760,836	-	17,393,672	1,529	-	1,529	17,395,201
	\$ 21,194,485	\$ 15,829,643	\$ 7,501,739	\$ 199,432	\$ 44,725,299	\$ 724,335	\$ 74,761	\$ 799,096	\$ 45,524,395

See accompanying notes to financial statements.





## UNITED HELP UKRAINE, INC.

### STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (3,415,843)	\$ 10,146,689
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,600	-
Amortization of operating lease right-of-use-asset	(155,643)	-
Change in liabilities		
Accounts payable	(30,314)	92,693
Accrued expenses	(35,836)	36,669
Operating lease liability	155,124	-
Net cash provided by (used for) operating activities	<u>(3,480,912)</u>	<u>10,276,051</u>
<b>Cash flows from investing activities</b>		
Purchase of Investments	(5,780,706)	-
Purchase of furniture and equipment	-	(8,000)
Net cash used for investing activities	<u>(5,780,706)</u>	<u>(8,000)</u>
<b>Net change in cash and cash equivalents</b>	(9,261,618)	10,268,051
<b>Cash and cash equivalents</b>		
Beginning of year	<u>10,292,458</u>	<u>24,407</u>
End of year	<u>\$ 1,030,840</u>	<u>\$ 10,292,458</u>
Supplemental schedule of non-cash financing activities		
Right-of-use asset received in exchange for lease liabilities	<u>\$ -</u>	<u>\$ 218,124</u>
Lease liability received in exchange for right-of-use asset	<u>\$ -</u>	<u>\$ 218,124</u>



## UNITED HELP UKRAINE, INC.

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

#### NOTE 1. ORGANIZATION

##### Nature of Activities

United Help Ukraine, Inc. (UHU) is a non-profit organization incorporated in Virginia in 2014 as a volunteer organization providing humanitarian, medical and other assistance to the people of Ukraine affected by the Russian invasion. The mission of United Help of Ukraine is to provide the people of Ukraine with critical support that will enable them to survive in the face of adversity, to defend and regain their sovereign territory, and to rebuild and thrive well into the future. UHU is committed to maximizing the impact of charitable contributions by providing humanitarian, medical and psychological assistance to those affected by the war. We also focus on raising awareness and advocating for Ukraine to remain a free, democratic, and independent nation.

UHU offers the following program services:

**The Defender's Aid program** focuses on preserving the safety, physical health, and overall well-being of Defenders of Ukraine. The program provides essential humanitarian supplies, including protective gear, first-aid tactical medical supplies, communications and safety technology equipment and clothing items.

**The Medical Aid program** supports healthcare infrastructure and the well-being of wounded individuals and their families. This program provides critical hospital and ambulance equipment and supplies, as well as funding for the treatment and rehabilitation of the wounded. In addition, it offers resources for mental wellness support for families and children affected by the war.

**The Humanitarian Welfare program** focuses on providing vital assistance to the most vulnerable populations in Ukraine affected by the war. This includes internally displaced people, residents of liberated territories, and Ukrainians living near the frontline. By offering essential resources and basic necessities, this program aims to alleviate the hardships faced by these communities.

**The Raising Awareness program** aims to inform and engage the public about Ukraine's fight to defend its independence and sovereignty and to promote Ukrainian culture within the United States. Through various events and educational initiatives, this program works to increase awareness, foster understanding, and build connections between Ukraine and the United States.



## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Accounting**

UHU prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenue is recognized when earned and expenses are recorded as incurred.

### **Financial Statement Presentation**

Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, UHU is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

### **Cash and Cash Equivalents and Short-Term Investments**

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturity terms of those financial instruments. Investments in certification of deposit are reported at cost. UHU maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. UHU believes it is not exposed to any significant credit risk on cash or cash equivalents.

### **Accounts, Grants and Contributions Receivables**

Accounts, grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection of information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes all receivables are fully collectible within one year or less and no provision for allowance for doubtful accounts is deemed necessary.

### **Leases**

In its statements of financial position, UHU records a right-of-use asset and lease liability, initially measured at the present value of total lease payments using a risk-free rate that approximates the remaining term of the lease. UHU considers the likelihood of exercising renewal or termination clauses (if any) in measuring its right-of-use assets and lease liabilities. A single lease cost calculated so that the cost of the lease is allocated over the lease term on straight-line basis. Short-term leases (those with an initial term of twelve months or less and no purchase option) are expensed over their terms, with no corresponding right-of-use asset or lease liability recorded. UHU does not separate non-lease components (if any) from lease components in determining the lease payments for leases of office equipment.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Net Assets**

Net assets are reported in two distinct classes as follows:

*Net assets without donor restrictions* - These net assets are available to finance the general operations of UHU. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of UHU, the environment in which it operates, and the purposes specified in its organizing documents.

*Net assets with donor restrictions* - These net assets result from contributions and other inflows of assets, the use of which by UHU is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

### **Revenue Recognition**

*Contributions* - Contributions received are reported as increases in net assets without donor restrictions unless received with donor stipulations that require the assets be used for specific purposes or in specific time periods. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a 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 statement of activities as net assets released from restrictions.

*Contributions nonfinancial assets* include donated medical, equipment and humanitarian supplies which are recorded at the respective fair value of the goods received or valued using estimated U.S. prices for identical products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed nonfinancial assets are used in program services (see Note 7). UHU does not sell donated nonfinancial assets. The value of contributed nonfinancial assets recognized was \$17,395,201 for the year ended December 31, 2022.

### **Property and Equipment**

Property and equipment are recorded at cost, net of accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally 3 to 7 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. Depreciation expense for the year ended December 31, 2023 totaled \$-0-.

### **Functional Allocation of Expenses**

The costs of providing the various programs and supporting activities of UHU have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies. Other common costs such as occupancy, depreciation and related infrastructure costs are allocated based on employee time and effort studies.

### 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 could differ from these estimates.

## NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of UHU's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table represents UHU's financial assets available to meet cash needs for general expenditures within one year of December 31, 2023:

Total assets at end of year	\$ 6,973,589
Less: nonfinancial assets	
Furniture and equipment	<u>6,400</u>
Total financial assets available for general expenditures within one year	<u>\$ 6,967,189</u>

## NOTE 4. INCOME TAXES

UHU is a 501(c)(3) entity exempt from federal income tax under Section 501(a) of the Internal Revenue Code. UHU is, however, subject to tax on business income unrelated to their exempt purpose.

UHU believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

UHU's income tax returns are subject to examination by the Internal Revenue Service (IRS) for a period of three years from the date they were filed, except under certain circumstances. UHU's Form 990 tax returns for the years ended December 31, 2020 through 2022 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.



## NOTE 5. COMMITMENTS

On January 2023, UHU entered in a lease for office space located in Virginia for a period of 14 months starting on January 1, 2023, until the end of February 2024. The tenant has the option to renew for 3 more years. Monthly base rent for 2023 is \$5,910.

In addition, on March 2023, UHU entered a license agreement to use space for storage of goods associated with humanitarian efforts in Ukraine. The term of this agreement is on a month-to-month basis until terminated by either party.

## NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

UHU has net assets with temporary donor restrictions which are restricted for use in specific programmatic activities. A summary of the related net assets activity as of and for the year ended December 31, 2023 is as follows:

	Net Assets 1/1/2023	Additions	Releases	Net Assets 12/31/2023
Program restricted				
Defender's Aid	\$ -	\$ 370,295	\$ 370,295	\$ -
Medical Aid	-	258,014	258,014	-
Humanitarian Welfare	-	39,261	39,261	-
Total	<u>\$ -</u>	<u>\$ 667,570</u>	<u>\$ 667,570</u>	<u>\$ -</u>

## NOTE 7. CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included:

	Revenue Recognized	Utilization in Programs
Medical supplies	\$ 7,438,070	Medical Aid/Humanitarian Welfare
Medical equipment	5,408,000	Medical Aid/Humanitarian Welfare
Toys	44,742	Humanitarian Welfare
Protective gear	3,897	Defender's Aid
Humanitarian supplies	<u>86,249</u>	Humanitarian Welfare
	<u>\$ 12,980,958</u>	

Contributed nonfinancial assets did not have donor-imposed restrictions. Contributed nonfinancial assets were utilized in the respective programs as shown on the statement of functional expenses. A summary of the fair value estimates related to contributed nonfinancial assets follows:

*Medical supplies and equipment:* UHU estimate the fair value on basis of estimates of wholesale values that would be received for selling in the United States.

## NOTE 7. CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

*Toys:* The estimated fair value of donated are valued at fair market value at the time of donation. Toys are recorded as in-kind contributions only if the program would have otherwise purchased the items. Donated toys were recorded within Humanitarian Welfare program.

*Protective gear:* The estimated fair value of donated vehicles is determined by an independent appraiser at the time of donation. Donated protective gear were recorded within Defender's Aid program.

*Humanitarian supplies:* Contributed supplies are valued using estimated U.S. process for identical products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Donated supplies were recorded within most program areas with the highest amounts recorded within Humanitarian Welfare program.

## NOTE 8. COMMITMENTS AND CONTINGENCIES

**Operating Lease:** UHU entered into a lease agreement with commencement date on January 1, 2023 until February 29, 2024 and amended during December 2023 to extend the term by an additional period of twenty-six (26) months thru April 30, 2026. The base rent of \$5,910 will be increased by four percent on each subsequent year. The Landlord agreed to abate the base rent for the first two months of 2024.

The maturity of the lease liabilities under the UHU's operating leases as of December 31, 2023 are as follows:

Year Ending December 31,	
2024	\$ 70,920
2025	61,460
2026	76,212
2027	<u>26,080</u>
Undiscounted future cash flows	234,672
Less: effects of discounting	<u>(79,548)</u>
Lease liability recognized	<u>\$ 155,124</u>

Supplemental qualitative information related to operating lease is as follows:

Operating Leases	Year Ended June 30, 2023
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows	\$ 70,920
Right-of-use assets obtained in exchange for lease obligations	\$ 163,855
Weighted-average lease term (years)	4
Weighted-average discount rate	4.18%



## **NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

UHU recognized a right-of-use asset and a related lease liability equal to the net present value of the expected future minimum base rent payments, discounted at 4.18%. The discount rate is based on the risk-free discount rate at the commencement of the lease.

The total amount of the right-of-use asset and lease liability recognized as of the lease commencement date was approximately \$229,403. Rent expense for the years ended December 31, 2023 and 2022 was \$77,214 and \$63,175, respectively.

## **NOTE 9. CONCENTRATION OF CREDIT RISK**

UHU maintains cash and cash equivalent balances at four financial institutions in the United States. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of December 31, 2023, amounts on deposit exceeded the FDIC insurance limit by approximately \$286,000. UHU has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

## **NOTE 10. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 12, 2024 which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.