

ORPE HUMAN RIGHTS ADVOCATES

Restoring Human Dignity

www.orpe.org

Financial Statement



Fiscal Year
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Orpe Human Rights Advocates, Inc.
6701 Baymeadows, Suite B
Glen Burnie, MD 21060

Opinion

We have audited the accompanying financial statements of Orpe Human Rights Advocates, Inc (OHRA). OHRA, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 OHRA as of December 31, 2022, 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 of 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 OHRA, 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.

Report on Summarized Comparative Information

We have previously audited OHRA's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2020. 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 financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 OHRA'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 OHRA'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 OHRA.'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.

January 22, 2023



AGLA LLC
Glen Burnie, MD 21060

ORPE HUMAN RIGHTS ADVOCATES, INC.

Statement of Financial Position
December 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents (no int, bearing)	\$ 191,143	\$ 189,055
Savings and temporary cash investment	180,745	118,600
Contributions and grants receivable	338,492	297,213
Deposits and prepaid expenses	193,232	71,980
Accounts receivable	1,000,000	668,062
Investments programs related	874,431	215,588
Intangible assets	1,400,000	816,673
Other assets	<u> </u>	<u> </u>
Total assets	<u>\$ 4,175,043</u>	<u>\$ 2,377,171</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 149,052	\$ 195,704
Grants payable	160,749	133,914
Deferred revenue	71,413	14,611
Other liabilities (Sch D)	<u>133,668</u>	<u>-</u>
Total liabilities	<u>514,882</u>	<u>344,229</u>
Net assets		
Without donor restrictions	2,836,551	1,411,896
With donor restrictions	<u>1,338,492</u>	<u>965,275</u>
Total net assets	<u>4,175,043</u>	<u>2,377,171</u>
Total liabilities and net assets	<u>\$ 4,689,925</u>	<u>\$ 2,721,400</u>

The accompanying notes are an integral part of these financial statements.

ORPE HUMAN RIGHTS ADVOCATES, INC.

Statement of Activities
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	Without Donor <u>Restrictions</u>	With Donor Restrictions	2022 <u>Total</u>	2021 <u>Total</u>
Revenues, gains, and other support				
Public support				
Foundations and state grants	\$ 615,880	\$ -	\$ 615,880	\$ 2,593,788
Government grants	-	-	-	---
In-kind services -	879,382	-	879,382	788,325
Paycheck Protection Program	500,000	-	500,000	---
Contributions	436,911	830,985	1,267,896	41,497
Special events	61,002	-	61,002	75,850
Programs service fees	332,679	-	832,679	44,607
Investment return (loss), net	(2,802)	-	(2,802)	---
Other income	259,938	-	259,938	33,590
Net assets released from restriction	<u>449,021</u>	<u>(449,021)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,532,011</u>	<u>381,964</u>	<u>3,913,975</u>	<u>3,358,423</u>
Functional expenses				
Program services	<u>2,619,648</u>	<u>-</u>	<u>2,619,648</u>	<u>689,785</u>
Support services				
Management and general	739,600	-	769,600	159,903
Fundraising	<u>466,205</u>	<u>-</u>	<u>466,205</u>	<u>28,300</u>
Total support services	<u>3,217,699</u>	<u>-</u>	<u>3,217,699</u>	<u>3,386,723</u>
Total functional expenses	<u>3,825,453</u>	<u>-</u>	<u>3,825,453</u>	<u>3,386,723</u>
Change in net assets	2,377,171	381,964	2,759,135	699,114
Net assets, beginning of year	<u>1,411,896</u>	<u>965,275</u>	<u>2,377,171</u>	<u>2,533,617</u>
Net assets, end of year	<u>\$ 3,789,067</u>	<u>\$ 1,347,239</u>	<u>\$ 5,136,306</u>	<u>\$ 2,377,171</u>

The accompanying notes are an integral part of these financial statements.

ORPE HUMAN RIGHTS ADVOCATES, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2022

(With Comparative Totals for 2021)

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Personnel expenses					
Salaries and wages	\$ 293,455	\$ 53,131	\$ 8,701	\$ 8,171,621	\$ 454,709
Payroll taxes	24,704	4,126	665	634,893	
Employee benefits	49,048	19,910	1,263	1,615,113	
Total personnel expenses	367,207	77,167	10,629	455,003	454,709
Other expenses					
Advertisements	18,243	25,643	910	44,796	-
Bank charges	-	5,437	8,645	14,082	-
Client care	0,988	175	2,896	144,059	663,674
Computer expenses	325,915	138,088	3,041	466,744	194,994
Conferences	35,685	13,822	1,895	51,402	32,713
Dues and subscriptions	8,567	55,874	824	65,265	202,220
Equipment expenses	9,363	13,677	1,495	105,535	-
Food	58,725	-	-	218,725	43,470
Disconnected young adults & homeless expenses	136,049	-	4,531	1,276,630	-
In-kind, services	246,489-	-	132,679	132,679	928,201
Insurance	10,055	4,108	7,527	245,690	42,842
Interest expense	34,611	9,361	19,294	133,266	-
Office expense	20,792	65,461	19,781	106,034	617,186
Outside services	55,576	53,130	-	368,706	-
Postage	2,177	5,450	2,180	9,807	-
Printing	-	-	3,734	3,734	-
Professional services	74,008	117,924	59,780	251,712	217,904
Public relations	-	25,367	11,228	36,595	-
Rent	170,688	119,717	-	943,095	421,260
Repairs	21,361	41,270	7,656	250,287	-
Small equipment	2,396	-	-	2,396	-
Supplies	32,858	24,712	3,963	101,533	-
Taxes and licenses	12,443	4,089	376	16,908	23,954
Telephone	32,860	37,833	6,251	216,944	-
Transportation	12,838	16,730	231	129,799	-
Utilities	29,764	22,828	4,348	148,940	-
Direct benefit costs	-	-	173,240	173,240	-
Total other expenses	1,719,648	739,600	466,205	2,925,453	3,210,488

The accompanying notes are an integral part of these financial statements.

ORPE HUMAN RIGHTS ADVOCATES, INC.

Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 2,211,410	\$ 699,114
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	845,510	1,088,891
Realized (gains)/losses on sales of investments	(168,482)	(72,484)
Unrealized (gains)/losses on investments	1,216,429	(1,416,330)
Loan forgiveness, construction loan	(235,992)	(235,992)
Changes in operating assets and liabilities		
Contracts receivable	(40,432)	1,526,586
Contributions and grants receivable	(325,872)	7,380
Deposits and prepaid expenses	124,960	(19,440)
Accounts payable and accrued expenses	(44,014)	(70,720)
Accrued payroll and related liabilities	(276,876)	245,408
Contract advances and reserves	(249,863)	(1,480,701)
Refundable advance - Paycheck Protection Program	-	(1,852,981)
Net cash provided by operating activities	410,041	261,984
Cash flows from investing activities		
Proceeds from the sales of investments	791,167	489,914
Purchases of investments	(89,815)	(480,225)
Reinvested dividends and interest, net	(114,145)	(97,200)
Purchases of property and equipment	-	(27,000)
Net cash provided by (used in) investing activities	187,207	(114,511)
Cash flows from financing activities		
Principal payments on mortgage and payable	(115,079)	(60,796)
Principal payments on capital lease obligation	(111,725)	(253,459)
Net cash used in financing activities	(226,804)	(314,255)
Net increase (decrease) in cash and cash equivalents	370,444	(166,782)
Cash and cash equivalents, beginning of year	1,020,699	1,187,481
Cash and cash equivalents, end of year	\$ 1,391,143	\$ 1,020,699

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 3,266	\$ -
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Supplemental schedule of noncash investing and financing activities

Computer equipment acquired under capital lease	\$ 57,697	\$ -
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The accompanying notes are an integral part of these financial statements.

ORPE HUMAN RIGHTS ADVOCATES, INC.
Notes to Financial Statements
December 31, 2022

1. NATURE OF OPERATIONS

Established in 2017, ORPE HUMAN RIGHTS ADVOCATES, INC. is a 501(c)(3) Maryland nonprofit corporation with vocation of defending and restoring human dignity through the promotion of programs that empower people living in poverty to become economic self-sufficient, defending through advocacy and legal actions the causes of those who cannot assert their own fundamental rights, and through the empowerment the next generation of strong enough and wise enough change-makers expected to advocate and implement policies deemed to transform organizations, communities, nations, or our world for the benefit of people. OHRA leadership, staff, and volunteers represent the multicultural, multi-ethnic, and multi-national communities at local, national, and international levels.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting principle

Aviva has adopted the Financial Accounting Standards Board Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires enhancements to presentation and disclosure to increase transparency of contributed nonfinancial assets. ASU 2020-07 is effective for annual reporting periods beginning after June 15, 2021. OHRA adopted ASU 2020-07 during the year ended December 31, 2022.

Basis of presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Income taxes

OHRA is a nonprofit public benefit corporation organized under the laws of Maryland and, as such, is exempt from federal and state income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and corresponding state provisions.

Financial statement presentation

Aviva reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets without donor restrictions are resources available to support operations. The only limits on the use of without donor restrictions are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

ORPE HUMAN RIGHTS ADVOCATES, INC.
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statement presentation (continued)

- *Net assets with donor restrictions* - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period or are limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from with donor restrictions to without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, OHRA's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. OHRA's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Cash and cash equivalents

OHRA considers cash on deposit, temporary investments and all highly liquid financial instruments with original maturities of three months or less to be cash equivalents. There were \$489,287 in cash equivalents on December 31, 2022.

Concentrations

OHRA's bank balances occasionally exceed the FDIC-insured limits. OHRA has not experienced and does not anticipate any losses relating to cash held in these accounts.

The concentration of credit risk with respect to trade receivables is limited, as the majority of OHRA receivables consist of earned fees from contract programs granted by governmental agencies. The majority of OHRA's contributions and grants are received from corporations, foundations, and individuals and from Maryland and local governmental entities. As such, OHRA's ability to generate resources via contributions and grants is dependent upon the economic health of the donors. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for OHRA's services.

ORPE HUMAN RIGHTS ADVOCATES, INC.
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations (continued)

OHRA received 80.9% of its revenue and support from online fundraising platform.

OHRA is expected to hold in the next coming financial fiscal year investments in the form of equities, corporate bonds, and mutual funds. The Board of Directors is expected to be tasked the duty of routinely reviews market values of such investments and the credit ratings of bond issuers. OHRA's investments are expected to be subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to OHRA's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the future term and such changes could materially affect the future amounts reported in the financial statements. Management is of the opinion that the expected diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

Investments

Investments are carried out at fair value. Interest and dividend income, and gains and losses on investments are reported in the statement of activities as either increases or decreases in net assets without donor restrictions, unless the use is restricted by donor stipulations or law.

Property and equipment

Land, buildings, property, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Buildings, leasehold improvements, furniture, and equipment are capitalized if their costs exceed \$5,000. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred.

Assets purchased with government grant or contract funds are subject to certain restrictions including a proprietary interest in such assets and are charged at the time of acquisition to direct costs (expense) in accordance with grantor guidelines and simultaneously recorded as assets and contributions.

Assets purchased with governmental grants or contracts are capitalized and depreciated by OHRA in accordance with accounting standards generally accepted in the United States of America.

ORPE HUMAN RIGHTS ADVOCATES, INC.
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 years
Furniture and fixtures	5 - 10 years
Automobiles	5 years
Computer equipment	5 years
Software	5 years
Other fixed assets	4 - 5 years
Leasehold improvements	Lesser of useful life or term of lease

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provisions were recorded by OHRA during the year ended December 31, 2022.

Contract receivables

Contract receivables are stated at the amount management expects to collect from outstanding balances. Contract receivables are primarily unsecured amounts due on cost reimbursement or performance contracts. Any amount that is denied for reimbursement is written off when management receives notification from the grantor agency. Management provides for probable uncollectible amounts through a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2022, no allowance was established.

ORPE HUMAN RIGHTS ADVOCATES, INC.
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and revenue recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets are reported as releases between net assets with and without donor restrictions.

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. Accordingly, OHRA recognizes government grant funds as support and revenue when eligible costs are incurred or when eligible services have been rendered. A receivable is recognized to the extent contract support earned exceeds cash advances. Conversely, a liability (deferred revenue) is recorded when contract cash advances exceed support earned. OHRA is expected to receive approximately \$2,000,000 of grants that have not been recognized at December 31, 2022 because qualifying expenses have not yet been incurred. OHRA has accounted for its Paycheck Protection Program advance as a conditional grant. See Note 7.

Contributions, which may include unconditional promises-to-give, are recognized as revenue in the period received or pledges.

Donated goods and services

Donations of goods received that are measurable are recorded as revenue and expense in equal amounts at their estimated fair value when received. Donations of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Expense recognition and allocation

The cost of providing OHRA's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

Support services expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of OHRA.

ORPE HUMAN RIGHTS ADVOCATES, INC.
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense recognition and allocation (continued)

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. OHRA generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Reclassifications

Certain December 31, 2021, balances were reclassified to conform with 2022 presentation.

Subsequent events

Aviva has evaluated events after December 31, 2022, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 8, 2022, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

3. INVESTMENTS

OHRA reports its investments at fair value among three categories of price inputs available. These categories of inputs are quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

The following table sets forth by level, within the fair value hierarchy, OHRA's investments at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 675,338	\$ -	\$ -	\$ 675,338
Fixed income	103,400	-	-	103,400
Hedge funds	<u>0.00</u>	<u>-</u>	<u>-</u>	<u>0.00</u>
	<u>\$ 778,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,738</u>

ORPE HUMAN RIGHTS ADVOCATES, INC.
Notes to Financial Statements
December 31, 2022

3. INVESTMENTS (continued)

Activity in the investments during the year was as follows:

Balance, beginning of year	\$ 215,588
Realized gains on sales of investments	8,482
Unrealized losses on investments	(429)
Sales of investments	(167)
Purchases of investments	89,815
Reinvested dividends and interest, net of investment expenses of \$44,965	<u>4,145</u>
Balance, end of year	<u>\$ 317,434</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>Government Funded</u>	<u>OHRA Owned</u>	<u>Total</u>
Leasehold improvements	\$ -	\$ -	\$ -
Furniture and fixtures	-	68,876	68,876
Automobiles	-	20,544	20,544
Computer equipment	-	267,847	267,847
Software	-	1,282,901	1,282,901
Other fixed assets	<u>-</u>	<u>20,915</u>	<u>20,915</u>
		2,301,245	2,301,245
Accumulated depreciation and amortization	<u>-</u>	<u>(336,801)</u>	<u>(336,801)</u>
	<u>\$ 0.00</u>	<u>\$ 1,964,444</u>	<u>\$ 1,964,444</u>

Certain equipment has been purchased with federal, State and other granting agencies' funds. These agencies retain a proprietary interest in such property. Property acquired with these funds is considered to be owned by OHRA while used in the program(s) for which it was purchased or in other future authorized programs. Its disposition as well as the ownership of any proceeds therefrom is subject to federal, state, or local regulations.

Total depreciation and amortization expense for the year ended December 31, 2022 was \$145,510

ORPE HUMAN RIGHTS ADVOCATES, INC.

Notes to Financial Statements

December 31, 2022

5. LINE OF CREDIT

OHRA has a line of credit with Bank of America. The line allows for borrowings up to \$100,000, with no fixed maturity date and full repayment due on demand. The loan is collateralized by assets held in an investment account at the saving account housed at Bank of America. Interest accrues at the current index rate, as defined, which was 5.264% at December 31, 2022. There was no outstanding balance at December 31, 2022.

6. SOURCES OF GOVERNMENT CONTRACT REVENUE

Sources of government contract revenue are as follows:

Anne Arundel County Department of Mental Health	\$ 1,896,602
Baltimore & AA Counties Department of Social Services	1,616,978
Department of Justice (DOJ):	
• Legal assistance for victims of human trafficking	470,546
• Services for trafficked victims	611,126
Department of Health and Human Services:	
• U.S. Committee for Refugees and Immigration, services for victims of Severe forms of trafficking (ID#: 93.598)	413,269
Department of Treasury:	
• COVID-19: State and Local Fiscal recovery	294,879
Department of Labor:	
• Homeless Veterans' Reintegration Program (HVRP)	500,000
	<u>\$ 4,203,573</u>

7. DONATED GOODS AND SERVICES

Donated goods and services consisted of the following:

Clothing	\$ 35,295
Food	2,390
Supplies	<u>94,994</u>
	<u>\$ 132,679</u>

All donated goods and services received for the year ended December 31, 2022, were considered without donor restrictions.

ORPE HUMAN RIGHTS ADVOCATES, INC.
Notes to Financial Statements
December 31, 2022

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions during the year are as follows:

	<u>Released from Restrictions</u>	<u>Balance, Dec. 31, 2022</u>
Supportive services for disconnected young adults	\$ 449,021	\$ 395,021
Support for other programs	<u>54,000</u>	<u>70,000</u>
	<u>\$ 395,021</u>	<u>\$ 325,021</u>

9. COMMITMENTS AND CONTINGENCIES

Contracts

OHRA applied for grants and will be entering into contracts that are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs.

Litigation

OHRA does not recognize of getting involved in any litigation during the 2022 fiscal exercise, however, in case of certain litigation arising from operational performance, any expenses or settlement incurred as a result of a such litigation will be addressed through the existing insurance coverage.

ORPE HUMAN RIGHTS ADVOCATES, INC.
Notes to Financial Statements
December 31, 2022

13. COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments

OHRA leases space at several locations and has obligations for furnishings and equipment under operating leases. Future minimum payments under these leases, with an initial or remaining term of one year or more, are as follows:

<u>Year ending Dec. 31, 2022</u>	<u>Leased Space</u>	<u>Furnishings & Equipment</u>	<u>Total</u>
2023	\$ 170,688	\$ 149,650	\$ 320,338
2024	170,688	54,429	225,117
2025	170,688	11,925	182,613
2026	170,688	-	170,688
2027	<u>170,688</u>	<u>-</u>	<u>170,688</u>
	<u>\$ 2,048,256</u>	<u>\$216,004</u>	<u>\$ 1,069,444</u>

Total rent expense for the year ended December 31, 2022, was \$170,688. Total furnishings and equipment expense, including maintenance, for the year ended December 31, 2022, was \$ 26,988.

14. RETIREMENT PLANS

OHRA is expected to maintain three retirement plans: 1) multi-employer plan; 2) 403(b) defined contribution plan; and 3) 457(b) deferred compensation plan.

Multi-employer plan

The risks of participating in a multi-employer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

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14. RETIREMENT PLANS (continued)

The Basic Plan was certified to be neither endangered nor critical status because the Basic Plan's funded percentage was greater than 80%. The insurer has not made the Basic Plan's financial information available at December 31, 2022, so the total plan assets and accumulated benefit obligations are being omitted from disclosure. During 2022, OHRA contributed \$63,299 to the Basic Plan which exceeded 5% of the total plan contributions.

403(b) defined contribution plan

OHRA is expected to be offering a qualified 403(b) to all employees. This plan has an auto-enrollment feature requiring employees to opt out if they do not wish to make salary deferral contributions to a traditional or Roth retirement account to the extent allowed by law. Employees who have completed one year of service, are age twenty-one or older, and are not included in the Basic Plan may have up to 5% of their contributions matched by OHRA.

457(b) deferred compensation plan

OHRA plan to establish a non-qualified, non-ERISA IRC Section 457(b) plan covering certain employees holding executive positions with OHRA. Under the terms of the plan, executives selected to participate by the Board of Directors will receive benefits upon separation and/or retirement. OHRA intends to fund the benefits on a discretionary basis. Additionally, the plan permits eligible employees to defer part of their own compensation. No pension expense incurred for this plan during the year. At December 31, 2022, OHRA accrued zero in deferred compensation liability related to this plan which is included within deferred compensation in the accompanying statement of financial position.

15. LIQUIDITY AND AVAILABILITY

Liquidity and availability of financial assets was as follows:

Cash and cash equivalents	\$ 391,143
Contract receivables	1,680,745
Investments	<u>524,344</u>
	2,596,232
Contract advances and reserves	(2,802)
Net assets subject to expenditure for specified purpose (see Note 12)	<u>(0,00)</u>
	<u>\$ 2,593,430</u>

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15. LIQUIDITY AND AVAILABILITY (continued)

OHRA's goal is generally to maintain financial assets to meet 30 days of operating expenses approximately \$500,000. As part of its liquidity plan, OHRA is expected to bill government-funded contracts in accordance with funding terms and conditions or receive periodic advances from funders, generally monthly. Amounts available for expenditure over the period of the next twelve months are dependent on governmental funder's payment cycles, which vary from 45 to 50 days. Excess cash, if any, is invested in short-term investments, including money market accounts. OHRA has a line of credit accounts totaling \$10,000 available to meet cash flow needs (See Note 9).



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