

# **Remember Nhu**

Financial Statements and  
Independent Auditor's Report

**June 30, 2019 and 2018**

# Remember Nhu

## Financial Statements June 30, 2019 and 2018

### *Table of Contents*

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

## Independent Auditor's Report

To the Board of Trustees of  
Remember Nhu

We have audited the accompanying financial statements of Remember Nhu (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets and functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Remember Nhu as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Apple Growth Partners*

Akron, Ohio  
January 25, 2020

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**Remember Nhu**  
**Statements of Financial Position**

	June 30,	
	2019	2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 80,715	\$ 378,609
Restricted cash	391,902	309,996
	472,617	688,605
Prepaid expenses	9,378	26,027
Total current assets	481,995	714,632
Property and equipment, net	737,188	558,604
	1,219,183	\$ 1,273,236
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 13,960	\$ 15,535
Accruals and other current liabilities	43,414	38,103
	57,374	53,638
<b>NET ASSETS</b>		
Without donor restrictions	769,907	909,602
With donor restrictions	391,902	309,996
	1,161,809	1,219,598
	\$ 1,219,183	\$ 1,273,236

**Remember Nhu**  
**Statement of Activities and Changes in Net Assets**

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions, general	\$ 771,973	\$ -	\$ 771,973
Child sponsorship donations	1,286,602	-	1,286,602
Staff support donations	-	807,691	807,691
Service projects	-	542,264	542,264
Vision trips	-	72,997	72,997
Vocational program	1,200	-	1,200
Interest income	84	-	84
	<u>2,059,859</u>	<u>1,422,952</u>	<u>3,482,811</u>
Net assets released from restrictions	1,341,046	(1,341,046)	-
Expenses			
Child support	1,745,770	-	1,745,770
Transitional	926,383	-	926,383
Service projects	311,329	-	311,329
Vision trips	90,568	-	90,568
Fundraising	235,802	-	235,802
General and administrative	230,748	-	230,748
	<u>3,540,600</u>	<u>-</u>	<u>3,540,600</u>
Change in net assets	(139,695)	81,906	(57,789)
Net assets, beginning of year	<u>909,602</u>	<u>309,996</u>	<u>1,219,598</u>
Net assets, end of year	<u>\$ 769,907</u>	<u>\$ 391,902</u>	<u>\$ 1,161,809</u>

**Remember Nhu**  
**Statement of Activities and Changes in Net Assets**

For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions, general	\$ 1,093,378	\$ -	\$ 1,093,378
Child sponsorship donations	1,169,777	-	1,169,777
Staff support donations	-	976,836	976,836
Service projects	-	410,565	410,565
Vision trips	-	94,089	94,089
Vocational program	1,645	-	1,645
Interest income	115	-	115
	<u>2,264,915</u>	<u>1,481,490</u>	<u>3,746,405</u>
Net assets released from restrictions	1,615,709	(1,615,709)	-
Expenses			
Child support	1,722,224	-	1,722,224
Transitional	1,083,307	-	1,083,307
Service projects	298,358	-	298,358
Vision trips	103,173	-	103,173
Fundraising	230,433	-	230,433
General and administrative	227,846	-	227,846
	<u>3,665,341</u>	<u>-</u>	<u>3,665,341</u>
Change in net assets	215,283	(134,219)	81,064
Net assets, beginning of year	<u>694,319</u>	<u>444,215</u>	<u>1,138,534</u>
Net assets, end of year	<u>\$ 909,602</u>	<u>\$ 309,996</u>	<u>\$ 1,219,598</u>

## Remember Nhu Statement of Functional Expenses

For the Year Ended June 30, 2019

	Program service expenses	Management and general expenses	Fundraising expenses	Total
Sponsorship expense	\$ 1,745,770	\$ -	\$ -	\$ 1,745,770
Transitional expense	926,383	9,264	678	936,325
Vision trip expense	90,568	-	-	90,568
Special project expense	291,691	-	-	291,691
Child sponsoring	-	-	105,035	105,035
New home start up expense	19,638	-	-	19,638
General & administrative	-	26,687	-	26,687
Technology expense	-	12,238	-	12,238
Wages	-	89,632	82,500	172,132
Professional fees	-	92,927	-	92,927
Child sponsoring fees	-	-	47,589	47,589
	<u>\$ 3,074,050</u>	<u>\$ 230,748</u>	<u>\$ 235,802</u>	<u>\$ 3,540,600</u>

## Remember Nhu Statement of Functional Expenses

For the Year Ended June 30, 2018

	Program service expenses	Management and general expenses	Fundraising expenses	Total
Sponsorship expense	\$ 1,722,224	\$ -	\$ -	\$ 1,722,224
Transitional expense	1,083,307	17,605	6,645	1,107,557
Vision trip expense	103,173	-	-	103,173
Special project expense	263,329	-	-	263,329
Child sponsoring	-	-	126,286	126,286
New home start up expense	35,029	-	-	35,029
General & administrative	-	20,318	-	20,318
Technology expense	-	6,915	-	6,915
Wages	-	148,655	54,000	202,655
Professional fees	-	34,353	-	34,353
Child sponsoring fees	-	-	43,502	43,502
	<u>\$ 3,207,062</u>	<u>\$ 227,846</u>	<u>\$ 230,433</u>	<u>\$ 3,665,341</u>



## Remember Nhu Statements of Cash Flows

	For the Years Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (57,789)	\$ 81,064
Adjustments to reconcile change in net assets:		
Depreciation expense	17,877	18,056
Changes in operating assets and liabilities:		
Restricted cash	(81,906)	134,219
Prepaid expenses	16,649	66,543
Accounts payable	(1,575)	(5,270)
Accruals and other current liabilities	5,311	24,777
Cash (used for) provided by operating activities	(101,433)	319,389
Cash flows from investing activities:		
Purchases of property and equipment	(196,461)	(40,900)
Cash used for investing activities	(196,461)	(40,900)
Net (decreases) increase in cash and cash equivalents	(297,894)	278,489
Cash and cash equivalents at beginning of period	378,609	100,120
Cash and cash equivalents at end of period	\$ 80,715	\$ 378,609

**Remember Nhu**  
**Notes to the Financial Statements**  
June 30, 2019 and 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** - Remember Nhu (the “Organization”) is a non-profit corporation that exists to prevent the exploitation of children in the sex trade industry throughout the world. The Organization exists to meet the physical, educational, emotional and spiritual needs of high risk children through homes it currently operates in Thailand, Cambodia, Myanmar, Gambia, Senegal, Kenya, Uganda, India, Philippines, Guinea Bissau, Tanzania, Bolivia, and El Salvador. The Organization also supports children in homes operated by other non-profit organizations in the Philippines and India. The primary sources of revenues are from child sponsorships and donation revenues.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain 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 support, revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Financial Statement Presentation** - The financial statements are presented in accordance with the Standards of Accounting and Financial Reporting for Certain Nonprofit Organizations issued by the American Institute of Certified Public Accountants. All accounting is on the accrual basis. The Foundation has adopted the Statement of Financial Accounting Standard for Financial Statements of Not-for-Profit Organizations. Under this standard, the Association 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. This reporting change has been implemented retrospectively for fiscal year 2018. Descriptions are as follows:

**Net Assets Without Donor Restrictions** - Net assets for the general operations and not subject to donor restrictions. These are used to account for revenues and expenditures that are free from donor imposed restrictions and donor-restricted contributions whose restrictions are met during the current year.

**Net Assets With Donor Restrictions** - Net assets are subject to donor-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 the resources be maintained in perpetuity. We report contributions restricted by restricted by donors as increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue was recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

**Functional Allocation of Expenses** - The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

**Tax Status** - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America, require the Organization’s management to evaluate tax positions taken by the Organization and recognize a tax liability if the organization has taken an uncertain position that more likely than not would be sustained upon examination by the IRS. The Organization’s management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2019 and 2018, there are no uncertain positions taken or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

**Remember Nhu**  
**Notes to the Financial Statements**  
June 30, 2019 and 2018

**Revenue Recognition** - Program income and contributions are recognized as earned or when pledged to the Organization. All other income is generally recognized in the month earned.

**Contributed Services** - A substantial number of unpaid volunteers make significant contributions of time to the Organization. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation nor do the donated services meet the requirements of being recorded in the financial statements as described under Accounting Standards.

**Cash and Cash Equivalents** - Cash and cash equivalents are all highly liquid deposits with a maturity of three months or less when purchased or deposited. From time to time, the cash balances in the accounts may exceed the Federal Deposit Insurance Corporation insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash.

**Fixed Assets** - Additions to land, buildings and equipment are capitalized at cost when purchased and at estimated fair market value for all donated property. The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures, vehicles, and equipment in excess of \$5,000. Upon disposal, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current operations. Expenditures for routine maintenance, repairs, and renewals are charged to expense as incurred, whereas betterments and improvements which useful lives are greater than one year are capitalized. Depreciation is provided by the straight-line method based on the estimated useful lives of the related assets as follows:

Vehicles	5 years
Buildings	25 Years

**Recent Accounting Pronouncements** - From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) and are adopted by the Organization as of the specified effective date. Unless otherwise discussed, the Organization believes that the impact of other recently issued accounting pronouncements will not have a material impact on the statements of financial position, activities, changes in net assets, cash flows, and functional expenses, or do not apply to the Organization’s operations.

In May 2014, the FASB issued an amendment to the accounting guidance for revenue recognition. The guidance is effective prospectively for private organizations for fiscal years beginning after December 15, 2018 (the Organization’s fiscal year ended June 30, 2020). Management is evaluating the impact of the adoption of this guidance on the Organization’s financial statements.

In February 2016, the FASB issued guidance which created new accounting and reporting guidelines for leasing arrangements. The guidance requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses and cash flows arising from a lease will depend on classification as a finance or operating lease. The guidance also requires qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2020. Early adoption is permitted and the modified retrospective method should be applied. The Company continues to evaluate the impact of the adoption of this guidance, but currently, the Company does not expect the new guidance to materially impact the consolidated financial statements other than additional disclosure requirements.

**Remember Nhu**  
**Notes to the Financial Statements**  
June 30, 2019 and 2018

The FASB issued ASU 2016-18, “*Statement of Cash Flow (Topic 230)*.” This ASU requires that a statement of cash flow explain the change during a period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019, the Organization’s fiscal year ended June 30, 2020. Early adoption is permitted. Management is evaluating the impact of the adoption of this guidance on the Organization’s financial statements.

**Subsequent Events** - The Organization has evaluated subsequent events through January 25, 2020, the date that the Organization’s annual financial statements were available to be issued and no significant event was noted.

**Reclassifications** - Certain reclassifications have been made to the June 30, 2018 financial statements to conform to the June 30, 2019 presentation. Such reclassifications had no effect on the previously reported net assets.

**B. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2019 and 2018:

	2019	2018
Financial assets at June 30,	\$	
Cash and cash equivalents	472,617	688,605
	472,617	688,605
Less financial assets not available		
Net assets with donor restrictions	391,902	309,996
Net financial assets available to meet general expenditures within one year	\$ 80,715	378,609

**C. PROPERTY AND EQUIPMENT**

The components of land, buildings and equipment are as follows:

	2019	2018
Land	\$ 527,334	\$ 510,342
Vehicles	179,070	179,070
Buildings	100,469	-
Construction in progress	79,000	-
	885,873	689,412
Less accumulated depreciation	(148,685)	(130,808)
	\$ 737,188	\$ 558,604

Depreciation of property and equipment totaled \$17,877 and \$18,056 for the years ended June 30, 2019 and 2018, respectively.

**Remember Nhu**  
**Notes to the Financial Statements**  
**June 30, 2019 and 2018**

Land was paid for by Remember Nhu and is titled in the names of certain citizens of the country due to respective countries' land ownership requirements. In order for the Organization to purchase this land and have title in local citizens' names, each of these citizens have signed legally binding contracts that any benefit derived from the land will be for the benefit of Remember Nhu. Nationals are not allowed to personally benefit from the ownership of the land.

**D. RESTRICTED CASH**

The Organization received funds during the year ended June 30, 2019 and 2018, from donors to be used for specific projects of the Organization. Donors identify international and United States based workers, interns, or projects they wish to support specifically, and Remember Nhu uses this money to pay the expenses associated with these international and United States based workers, interns, or projects. Unexpended amounts at June 30, 2019 and 2018, totaled \$391,902 and 309,996, respectively and are included in net assets with donor restrictions.

**E. LEASES**

The Organization leases several facilities under operating leases which are predominantly renewed on an annual basis. Building rental expense under these leases was approximately \$144,000 and \$150,000 for 2018 and 2019 respectively.

**F. SCHOLARSHIPS**

During the year ended June 30, 2019 and 2018, the Organization provided scholarships to qualifying children that qualified to move on to their college education, helping to subsidize their college education costs. The Organization has provided \$58,829 and 57,780 in total scholarships during the period ended June 30, 2019 and 2018, respectively.

**G. FOREIGN OPERATIONS**

The Organization mainly receives contributions from the United States but occasionally will receive contributions from foreign countries. The Organization's operations are subject to various political, economic, and other risks and uncertainties inherent in the countries in which the Organization operates. Among other risks, the Organization's operations are subject to the risks of restrictions on transfer of funds; export duties, quotas, and embargoes; domestic and international customs and tariffs; changing taxation policies; foreign exchange restrictions; and political conditions and governmental regulations.