

# **Remember Nhu**

Financial Statements and  
Independent Auditor's Report

**June 30, 2022 and 2021**

# Remember Nhu

## Financial Statements June 30, 2022 and 2021

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## Independent Auditor's Report

To the Board of Directors of  
Remember Nhu  
Akron, Ohio

### Opinion

We have audited the accompanying financial statements of Remember Nhu (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Remember Nhu as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years 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 Remember Nhu and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Remember Nhu'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 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.

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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 Remember Nhu'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 Remember Nhu'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.

*Apple Growth Partners*

Akron, Ohio  
April 10, 2023

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

	June 30,	
	2022	2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 702,823	\$ 608,322
Pledges receivable - current, net of allowance	129,658	280,454
Total current assets	832,481	888,776
Property and equipment, net	840,478	782,329
Restricted cash	13,002	54,762
	\$ 1,685,961	\$ 1,725,867
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 1,612	\$ 1,825
Accruals and other current liabilities	33,526	75,211
	35,138	77,036
	35,138	77,036
<b>NET ASSETS</b>		
Without donor restrictions	1,297,588	1,042,885
With donor restrictions	353,235	605,946
	1,650,823	1,648,831
	\$ 1,685,961	\$ 1,725,867

## Remember Nhu Statement of Activities

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions, general	\$ 1,252,228	\$ 129,658	\$ 1,381,886
Child sponsorship donations	1,360,631	-	1,360,631
Staff support donations	-	543,884	543,884
Special project contributions	-	249,461	249,461
Vocational program	1,164	-	1,164
Gain on sale of property and equipment	4,000	-	4,000
Interest income	47	-	47
Net assets released from restrictions	1,175,714	(1,175,714)	-
	<u>3,793,784</u>	<u>(252,711)</u>	<u>3,541,073</u>
Expenses			
Program services	2,955,618	-	2,955,618
General and administrative	170,133	-	170,133
Fundraising	413,330	-	413,330
	<u>3,539,081</u>	<u>-</u>	<u>3,539,081</u>
Change in net assets	254,703	(252,711)	1,992
Net assets, beginning of year	<u>1,042,885</u>	<u>605,946</u>	<u>1,648,831</u>
Net assets, end of year	<u>\$ 1,297,588</u>	<u>\$ 353,235</u>	<u>\$ 1,650,823</u>

## Remember Nhu Statement of Activities

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions, general	\$ 923,830	\$ 280,454	\$ 1,204,284
Child sponsorship donations	1,360,967	-	1,360,967
Staff support donations	-	683,664	683,664
Special project contributions	-	279,355	279,355
Interest income	52	-	52
Other income	75,100	-	75,100
Net assets released from restrictions	880,851	(880,851)	-
	<u>3,240,800</u>	<u>362,622</u>	<u>3,603,422</u>
Expenses			
Program services	2,623,768	-	2,623,768
General and administrative	174,048	-	174,048
Fundraising	253,302	-	253,302
	<u>3,051,118</u>	<u>-</u>	<u>3,051,118</u>
Change in net assets	189,682	362,622	552,304
Net assets, beginning of year	<u>853,203</u>	<u>243,324</u>	<u>1,096,527</u>
Net assets, end of year	<u>\$ 1,042,885</u>	<u>\$ 605,946</u>	<u>\$ 1,648,831</u>

**Remember Nhu**  
**Statement of Functional Expenses**

	For the Year Ended June 30, 2022			
	Program services	Management and general	Fundraising	Total
Child support expense	\$ 1,813,204	\$ -	\$ -	\$ 1,813,204
Transitional expense	579,615	-	-	579,615
Special project expense	214,411	-	-	214,411
Salaries and related expenses	184,170	46,140	97,859	328,169
Professional fees	39,869	39,869	15,188	94,926
Office expenses	7,234	431	947	8,612
Technology expense	18,962	1,129	2,483	22,574
Travel	18,534	3,614	6,150	28,298
Depreciation	20,046	1,055	-	21,101
Insurance	2,575	154	337	3,066
Child sponsoring	-	-	281,301	281,301
Bad debt expense	-	73,487	-	73,487
Child sponsoring credit card fees	46,657	2,777	6,110	55,544
Other	10,341	1,477	2,955	14,773
	\$ 2,955,618	\$ 170,133	\$ 413,330	\$ 3,539,081



## Remember Nhu Statement of Functional Expenses

	For the Year Ended June 30, 2021			
	Program services	Management and general	Fundraising	Total
Child support expense	\$ 1,623,205	\$ -	\$ -	\$ 1,623,205
Transitional expense	631,060	-	-	631,060
Special project expense	132,926	-	-	132,926
Salaries and related expenses	97,016	94,594	70,827	262,437
Professional fees	44,072	44,762	10,201	99,035
Office expenses	4,081	1,441	480	6,002
Technology expense	22,741	8,027	2,675	33,443
Travel	12,715	659	1,638	15,012
Depreciation	17,299	911	-	18,210
Insurance	1,817	641	214	2,672
Child sponsoring	-	-	162,933	162,933
Bad debt expense	-	10,000	-	10,000
Child sponsoring credit card fees	36,836	13,000	4,334	54,170
Other	-	13	-	13
	\$ 2,623,768	\$ 174,048	\$ 253,302	\$ 3,051,118

## Remember Nhu Statements of Cash Flows

	For the Years Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 1,992	\$ 552,304
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation expense	21,101	18,210
Forgiveness of PPP loan	-	(75,100)
Gain on sale of property and equipment	(4,000)	-
Bad debt expense	73,487	10,000
Changes in operating assets and liabilities:		
Pledges receivable	77,309	(290,454)
Prepaid expenses	-	20,000
Accounts payable	(213)	(2,975)
Accruals and other current liabilities	(41,685)	35,915
Cash provided by operating activities	127,991	267,900
Cash flows from investing activities:		
Purchases of property and equipment	(74,250)	-
Additions to construction in progress	(51,000)	(25,200)
Proceeds from sale of property and equipment	50,000	-
Cash used for investing activities	(75,250)	(25,200)
Net change in cash and cash equivalents and restricted cash	52,741	242,700
Cash and cash equivalents and restricted cash at beginning of year	663,084	420,384
Cash and cash equivalents and restricted cash at end of year	\$ 715,825	\$ 663,084

**Remember Nhu**  
**Notes to the Financial Statements**  
June 30, 2022 and 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** - Remember Nhu (the “Organization”) is a nonprofit 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, Kenya, Uganda, India, Philippines, Guinea Bissau, Tanzania, Bolivia, Romania, Moldova and El Salvador. The Organization also supports children in homes operated by other nonprofit organizations in the Philippines and India. The primary sources of revenues are from child sponsorship donations and other program donations.

**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 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 accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The Organization has adopted the Statement of Financial Accounting Standard for Financial Statements of Not-for-Profit Organizations. Under this standard, the Organization 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.

**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 for a specific purpose. 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. The Organization reports contributions 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. The net assets with donor restrictions include:

**Transitional Donations:** Funds are used to pay expenses associated with the specific missionary or intern the donor identified to support.

**Special Projects:** Funds are used to pay expenses associated with the specific project the donor identified to support.

**Vision Trips:** Funds are used to pay expenses associated with the specific trip for a group or individual the donor identified to support.

**Remember Nhu**  
**Notes to the Financial Statements**  
June 30, 2022 and 2021

Net Assets with donor restrictions for the years ended June 30 are as follows:

	2022	2021
Subject to the passage of time:		
Pledges receivable	\$ 129,658	\$ 280,454
Subject to expenditure for specified purpose:		
Transitional Donations	163,216	179,870
Special Projects	31,604	113,521
Vision Trips	28,757	32,101
	223,577	325,492
Total net assets with donor restrictions	\$ 353,235	\$ 605,946

**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. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated between the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses, professional fees, office, technology, travel, insurance and child sponsoring fees which are allocated on the basis of estimates of time and effort.

**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, 2022 and 2021, there are no uncertain positions taken or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

**Revenue Recognition** - Contributions are recognized as received or when pledged to the Organization.

**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 the donated services do not meet the requirements of being recorded in the financial statements as described under Accounting Standards.

**Cash and Cash Equivalents and Restricted Cash** - 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.

Restricted cash represents cash received with a donor-imposed restriction that limits the use of that cash to the acquisition of property and equipment. Unless donor stipulations limit the use of the assets for a period of time or for a particular purpose, the donor-imposed restriction expires when the assets are placed in service in accordance with GAAP.

**Pledges Receivable** - Pledges receivable consists primarily of pledges from individuals and organizations to be received within one year.

## Remember Nhu

### Notes to the Financial Statements

June 30, 2022 and 2021

**Fixed Assets** - Additions to property 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

**Reclassifications** - Certain reclassifications have been made to the June 30, 2021 financial statements to conform to the June 30, 2022 presentation. Such reclassifications had no effect on the previously reported net income.

**Recently Issued 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 the impact of recently issued accounting pronouncements either do not apply to the Organization's operations or will not have a material impact on the statements of financial position, statements of activities and functional expenses, and the statements of cash flows.

**LEASES** - 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. In June 2020, in conjunction with the global pandemic, the FASB has extended the original effective date for those entities who have not yet adopted this standard. The Organization has yet to adopt and thus would be subject to the revised adoption date of annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2021, the Organization's fiscal year 2023. The Organization continues to evaluate the impact of the adoption of this guidance.

**CECL** - In June 2016, FASB issued Accounting Standards Update ("ASU") 2016-13, "Measurement of Credit Losses on Financial Instruments." ASU 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. The Organization has yet to adopt and thus would be subject to the revised adoption date of annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2022, the Organization's fiscal year 2024. The Organization continues to evaluate the impact of the adoption of this guidance.

**Subsequent Events** - The Organization has evaluated subsequent events through April 10, 2023, the date that the Organization's annual financial statements were available to be issued.

**Remember Nhu**  
**Notes to the Financial Statements**  
June 30, 2022 and 2021

**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, 2022 and 2021:

Financial assets at June 30,	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 715,825	\$ 663,084
Less: financial assets not available		
Net assets with donor restrictions	<u>13,002</u>	<u>54,762</u>
Net financial assets available to meet general expenditures within one year	<u>\$ 702,823</u>	<u>\$ 608,322</u>

The Organization receives significant contributions and promises to give that are restricted by donors and considers contributions restricted for transitional donations, special projects and vision trips. The Organization manages its liquidity and reserves to provide reasonable assurance that all obligations will be funded. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum \$300,000. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity and reserves monthly. During the years ended June 30, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

**C. RESTRICTED CASH**

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 702,823	\$ 608,322
Restricted cash	<u>13,002</u>	<u>54,762</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 715,825</u>	<u>\$ 663,084</u>

**D. PLEDGES RECEIVABLE**

At the Champions Club fundraising event held in May each year there were pledges made for various projects in the amount of \$148,540 and \$517,000 for the years ended June 30, 2022 and 2021, respectively. These promises to give are primarily from individuals and organizations to be received within one year. The cumulative amounts remaining to be collected as of June 30, 2022 and 2021 are \$199,658 and \$290,454, respectively. The allowance for uncollectible pledges was \$70,000 and \$10,000 as of June 30, 2022 and 2021, respectively.

**Remember Nhu**  
**Notes to the Financial Statements**  
June 30, 2022 and 2021

E. PROPERTY AND EQUIPMENT

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

	2022	2021
Land held by others	\$ 521,334	\$ 527,334
Vehicles	213,320	179,070
Buildings	236,119	236,119
Construction in progress	76,200	25,200
	1,046,973	967,723
Less: accumulated depreciation	(206,495)	(185,394)
	\$ 840,478	\$ 782,329

Depreciation of property and equipment totaled \$21,101 and \$18,210 for the years ended June 30, 2022 and 2021, respectively.

**Land held by others** - 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.

F. PPP LOAN

On April 23, 2020, the Organization received loan proceeds in the amount of \$75,100 under the Paycheck Protection Program ("PPP"), which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The PPP loan and related accrued interest can be forgiven, as long as the borrower uses the loan proceeds for eligible purposes. The Organization filed its loan forgiveness application and received formal approval from both the financial institution through which it applied and received the loan proceeds and the Small Business Administration ("SBA") on March 16, 2021 and, accordingly, the gain on forgiveness of the loan has been recorded in the 2021 Statement of Activities.

G. 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 \$122,000 and \$126,000 for the years ended June 30, 2022 and 2021, respectively.

H. SCHOLARSHIPS

During the years ended June 30, 2022 and 2021, 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 \$55,801 and \$24,983 in total scholarships during the years ended June 30, 2022 and 2021, respectively.

**Remember Nhu**  
**Notes to the Financial Statements**  
June 30, 2022 and 2021

I. 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.

J. PRIOR YEAR ADJUSTMENT

As a result of a correction to the Organization's net assets with donor restrictions related to pledges receivable, the total net assets without donor restrictions as of June 30, 2021 decreased by \$280,454 and net assets with donor restrictions as of June 30, 2021 increased by \$280,454.