

Remember Nhu

Financial Statements and
Independent Auditor's Report

June 30, 2023 and 2022

Remember Nhu

Financial Statements June 30, 2023 and 2022

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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, 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 Remember Nhu as of June 30, 2023 and 2022, 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.

Emphasis-of-Matter

As discussed in Note A to the financial statements, as of July 1, 2022, the Organization adopted Financial Accounting Standards Board Topic 842, *Leases*. Our opinion is not modified with respect to that matter.

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.

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
March 12, 2024

Remember Nhu
Statements of Financial Position

	June 30,	
	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 797,035	702,823
Contributions receivable, net of allowance	76,908	129,658
Prepaid expenses	16,995	-
Total current assets	890,938	832,481
Property and equipment, net	1,191,168	840,478
Restricted cash	6,660	13,002
	\$ 2,088,766	\$ 1,685,961
LIABILITIES		
Current liabilities		
Accounts payable	\$ 8,590	\$ 1,612
Accruals and other current liabilities	50,244	33,526
	58,834	35,138
NET ASSETS		
Without donor restrictions	1,766,505	1,297,588
With donor restrictions	263,427	353,235
	2,029,932	1,650,823
	\$ 2,088,766	\$ 1,685,961

Remember Nhu Statement of Activities

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions, general	\$ 1,253,462	\$ 110,170	\$ 1,363,632
Child sponsorship donations	1,218,787	-	1,218,787
Staff support donations	-	440,942	440,942
Special project contributions	-	521,967	521,967
Vision trip contributions	-	10,766	10,766
Vocational program	3,750	-	3,750
Gain on sale of property and equipment	136,094	-	136,094
Interest income	40	-	40
Loss on uncollectable contributions receivable	-	(60,750)	(60,750)
Net assets released from restrictions	1,112,903	(1,112,903)	-
	<u>3,725,036</u>	<u>(89,808)</u>	<u>3,635,228</u>
Expenses			
Program services	2,842,482	-	2,842,482
Management and general	129,964	-	129,964
Fundraising	283,673	-	283,673
	<u>3,256,119</u>	<u>-</u>	<u>3,256,119</u>
Change in net assets	468,917	(89,808)	379,109
Net assets, beginning of year	<u>1,297,588</u>	<u>353,235</u>	<u>1,650,823</u>
Net assets, end of year	<u>\$ 1,766,505</u>	<u>\$ 263,427</u>	<u>\$ 2,029,932</u>

Remember Nhu Statement of Activities

	For the Year Ended June 30, 2022		
	Without	With	
	Donor Restrictions	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
Loss on uncollectable contributions receivable	-	(73,487)	(73,487)
Net assets released from restrictions	1,102,227	(1,102,227)	-
	3,720,297	(252,711)	3,467,586
Expenses			
Program services	2,955,618	-	2,955,618
Management and general	96,646	-	96,646
Fundraising	413,330	-	413,330
	3,465,594	-	3,465,594
Change in net assets	254,703	(252,711)	1,992
Net assets, beginning of year	1,042,885	605,946	1,648,831
Net assets, end of year	\$ 1,297,588	\$ 353,235	\$ 1,650,823

Remember Nhu Statement of Functional Expenses

	For the Year Ended June 30, 2023			
	Program services	Management and general	Fundraising	Total
Child support expense	\$ 1,762,816	\$ -	\$ -	\$ 1,762,816
Transitional expense	482,214	-	-	482,214
Special project expense	212,279	-	-	212,279
Vision trip expense	37,088	-	-	37,088
Salaries and related expenses	177,298	69,411	112,900	359,609
Professional fees	32,993	41,057	10,207	84,257
Office expenses	7,016	258	1,334	8,608
Technology expense	23,498	865	4,469	28,832
Travel	25,425	4,701	16,234	46,360
Depreciation	20,559	1,082	-	21,641
Insurance	4,577	168	870	5,615
Child sponsoring	8,590	-	124,155	132,745
Child sponsoring credit card fees	48,129	1,772	9,153	59,054
Other	-	10,650	4,351	15,001
	\$ 2,842,482	\$ 129,964	\$ 283,673	\$ 3,256,119

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
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	\$ 96,646	\$ 413,330	\$ 3,465,594

Remember Nhu Statements of Cash Flows

	For the Years Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 379,109	\$ 1,992
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation expense	21,641	21,101
Gain on sale of property and equipment	(136,094)	(4,000)
Loss on uncollectable contributions receivable	60,750	73,487
Contributions restricted to property and equipment	(306,000)	(80,000)
Changes in operating assets and liabilities:		
Contributions receivable	(8,000)	77,309
Prepaid expenses	(16,995)	-
Accounts payable	6,978	(213)
Accruals and other current liabilities	16,718	(41,685)
Cash provided by operating activities	18,107	47,991
Cash flows from investing activities:		
Purchases of property and equipment	(26,289)	(74,250)
Additions to construction in progress	(346,042)	(51,000)
Proceeds from sale of property and equipment	136,094	50,000
Cash used for investing activities	(236,237)	(75,250)
Cash flows from financing activities:		
Collections of contributions restricted to property and equipment	306,000	80,000
Cash provided by financing activities	306,000	80,000
Net change in cash and cash equivalents and restricted cash	87,870	52,741
Cash and cash equivalents and restricted cash at beginning of year	715,825	663,084
Cash and cash equivalents and restricted cash at end of year	\$ 803,695	\$ 715,825

Remember Nhu
Notes to the Financial Statements
June 30, 2023 and 2022

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, Moldova, Albania, Brazil, Liberia and Ukraine. 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 as of 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 generally accepted accounting principles in the United States of America (“U.S. GAAP”). Under U.S. GAAP, 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 increases 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, 2023 and 2022

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

	2023	2022
Subject to the passage of time:		
Contributions receivable	\$ 76,908	\$ 129,658
Subject to expenditure for specified purpose:		
Transitional Donations	173,423	163,216
Special Projects	10,661	31,604
Vision Trips	2,435	28,757
	186,519	223,577
Total net assets with donor restrictions	\$ 263,427	\$ 353,235

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. U.S. GAAP requires 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, 2023 and 2022, 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 U.S. GAAP.

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 U.S. GAAP.

Contributions Receivable - Contributions receivable consists primarily of promises to give from individuals and organizations to be received within one year.

Remember Nhu
Notes to the Financial Statements
June 30, 2023 and 2022

Property and Equipment - 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, 2022 financial statements to conform to the June 30, 2023 presentation. Such reclassifications had no effect on the previously reported change in net assets for the year ended June 30, 2022, or net asset classifications as of June 30, 2022.

Lease Accounting - The Organization adopted the new guidance for lease accounting as described in Accounting Standards Codification (“ASC”) Topic 842 using the transition alternative approach as of July 1, 2022. There was no impact to the Organization’s financial position, net assets, or cash flows as a result of this implementation. The Organization elected the following practical expedients:

- The practical expedient to not recognize right-of-use (“ROU”) assets and lease liabilities for leasing arrangements with terms of less than one year.
- The practical expedient available to utilize risk-free rates for calculating the values right-of-use assets and lease liabilities.

The determination of whether an arrangement is a lease is made at the lease’s inception. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. ROU assets represent the Organization’s right to use an underlying asset for the lease term. Lease liabilities represent the Organization’s obligation to make lease payments. ROU assets and lease liabilities are recognized at the lease commencement date (or implementation date of the standard) based on the present value of lease payments of the lease term using risk-free rates.

As of and for the year ended June 30, 2023, the Organization identified no leasing arrangements with terms greater than one year subject to lease accounting under the newly adopted guidance.

Subsequent Events - The Organization has evaluated subsequent events through March 12, 2024, the date that the Organization’s annual financial statements were available to be issued.

Remember Nhu
Notes to the Financial Statements
June 30, 2023 and 2022

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:

Financial assets as of June 30,	2023	2022
Cash and cash equivalents	\$ 803,695	\$ 715,825
Less: Financial assets not available		
Net assets with donor restrictions	6,660	13,002
Net financial assets available to meet general expenditures within one year	\$ 797,035	\$ 702,823

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 to be available to meet cash needs for general expenditures. 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, 2023 and 2022, 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 as of June 30:

	2023	2022
Cash and cash equivalents	\$ 797,035	\$ 702,823
Restricted cash	6,660	13,002
Total cash and restricted cash shown in the statements of cash flows	\$ 803,695	\$ 715,825

D. CONTRIBUTIONS RECEIVABLE

At the Champions Club fundraising event held in May each year there were promises to give made for various projects in the amount of \$110,170 and \$148,540 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022 are \$82,783 and \$199,658, respectively. The allowance for uncollectable contributions receivable was \$5,875 and \$70,000 as of June 30, 2023 and 2022, respectively.

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Notes to the Financial Statements
June 30, 2023 and 2022

E. PROPERTY AND EQUIPMENT

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

	2023	2022
Land held by others	\$ 521,334	\$ 521,334
Vehicles	231,609	213,320
Buildings	244,119	236,119
Construction in progress	422,242	76,200
	1,419,304	1,046,973
Less: Accumulated depreciation	(228,136)	(206,495)
	\$ 1,191,168	\$ 840,478

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. LEASES

The Organization leases several facilities under short term leasing arrangements for program services. Lease expenses under these arrangements was approximately \$143,000 and \$122,000 for the years ended June 30, 2023 and 2022, respectively. Lease expenses are included as a component of program services expense on the statements of activities.

G. SCHOLARSHIPS

During the years ended June 30, 2023 and 2022, 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 \$36,469 and \$55,801 in total scholarships during the years ended June 30, 2023 and 2022, respectively.

H. 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.