

**Remember Nhu
Financial Statements
and Independent Auditor's Report
June 30, 2024**

Remember Nhu
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June 30, 2024

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REYNOLDS + ROWELLA
ACCOUNTING AND CONSULTING

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 (the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 the Organization 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.

Correction of Error

As discussed in Note 2 to the financial statements, the Organization determined it lacks control over certain foreign entities and property owned by the foreign entities historically recorded in the Organization's statement of financial position, resulting in the Organization restating its opening net assets. 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 the Organization'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 the Organization'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 the Organization'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.



Reynolds + Rowella, LLP

New Canaan, Connecticut
May 15, 2025

Remember Nhu
Statement of Financial Position
As of June 30, 2024

Assets

Cash and cash equivalents	\$ 869,379
Contributions receivable, net of allowances of \$27,705	183,618
Prepaid expenses	<u>8,357</u>

Total Assets	<u>\$ 1,061,354</u>
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Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$ 63,880
Total liabilities	<u>63,880</u>

Net Assets:

Without donor restrictions	647,274
With donor restrictions	<u>350,200</u>
Total Net Assets	<u>997,474</u>

Total Liabilities and Net Assets	<u>\$ 1,061,354</u>
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See accompanying notes to financial statements.

Remember Nhu
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Contributions, general	\$ 1,236,976	\$ -	\$ 1,236,976
Child sponsorship donations	1,122,149	-	1,122,149
Staff support donations	-	483,014	483,014
Special project contributions	363,803	186,512	550,315
Vision trip contributions	184,562	-	184,562
Other income	2,613	-	2,613
Sub-total	<u>2,910,103</u>	<u>669,526</u>	<u>3,579,629</u>
 Fundraising	 126,000	 383,000	 509,000
Less: direct expenses	<u>(71,070)</u>	<u>-</u>	<u>(71,070)</u>
Net revenues from fundraising	<u>54,930</u>	<u>383,000</u>	<u>437,930</u>
 Net Assets released from restrictions	 <u>965,753</u>	 <u>(965,753)</u>	 <u>-</u>
 Total Operating Revenue and Support	 <u>3,930,786</u>	 <u>86,773</u>	 <u>4,017,559</u>
Operating Expenses			
Programs Services	3,420,308	-	3,420,308
Supporting Services:			
Management and general	291,140	-	291,140
Fundraising	<u>91,924</u>	<u>-</u>	<u>91,924</u>
Total Operating Expenses	<u>3,803,372</u>	<u>-</u>	<u>3,803,372</u>
Change in Net Assets	<u>127,414</u>	<u>86,773</u>	<u>214,187</u>
Net Assets, beginning of year	<u>519,860</u>	<u>263,427</u>	<u>783,287</u>
Net Assets, end of year	<u>\$ 647,274</u>	<u>\$ 350,200</u>	<u>\$ 997,474</u>

See accompanying notes to financial statements.

Remember Nhu
Statement of Functional Expenses
For the Year Ended June 30, 2024

Expenses	Program Services	Management and General	Fundraising	Total
Child support expense	\$ 2,277,427	\$ -	\$ -	\$ 2,277,427
Staff support expense	526,783	-	-	526,783
Salaries and related expenses	232,555	75,645	47,193	355,393
Special project expense	176,467	-	-	176,467
Child sponsoring	7,580	141,025	-	148,605
Professional fees	22,865	56,289	20,746	99,900
Child sponsoring credit card fees	56,546	3,231	7,539	67,316
Repairs and maintenance	40,077	-	-	40,077
Other	4,566	10,310	10,682	25,558
Technology expense	21,180	1,210	2,824	25,214
Travel	16,999	2,724	1,292	21,015
Office expenses	12,358	706	1,648	14,712
Vision trip expense	4,417	-	-	4,417
Sub-total	3,399,820	291,140	91,924	3,782,884
Loss on uncollectible contributions receivable	20,488	-	-	20,488
Total Expenses	\$ 3,420,308	\$ 291,140	\$ 91,924	\$ 3,803,372

See accompanying notes to financial statements.

Remember Nhu
Statement of Cash Flows
For the Year Ended June 30, 2024

Operating Activities

Change in net assets	\$ 214,187
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Write-off of depreciation expense	(28,608)
Loss on uncollectible pledges receivable	20,448
Changes in operating assets and liabilities:	
Contributions receivable	(127,158)
Prepaid expenses	8,638
Accounts payable and accrued expenses	(21,823)
Net Cash Provided By Operating Activities	<u>65,684</u>

Net Change in Cash and Cash Equivalents 65,684

Cash and Cash Equivalents, beginning of year 803,695

Cash and Cash Equivalents, end of year \$ 869,379

See accompanying notes to financial statements.

Remember Nhu
Notes to Financial Statements
June 30, 2024

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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, 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.

Basis of Accounting and Presentation of Financial Statements

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Contributions and other support are recognized when earned and expenses are recognized when incurred.

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The governing board may designate an amount, from net assets without restrictions, for specific operational purposes from time to time.
- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions for a specific purpose or time. 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's accounting policy reports net assets received with donor-imposed restrictions that have been satisfied in the same reporting period as revenues without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor 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:

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

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Notes to Financial Statements

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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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The most significant estimate in these financial statements is the allocation of functional expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Revenues

The Organization recognizes revenue in accordance with Accounting Standard Codification 606; Revenue from Contracts with Customers (ASC 606). ASC 606 requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation.

Revenues are satisfied at point-in-time and is derived from contributions and donations received from individuals and other organizations.

Contributions Receivable

Contributions receivable consist primarily of promises to give made by individuals and organizations during the Champions Club fundraising event, which is held in May of each year, and is generally received within one year following the event. For the year ended June 30, 2024, the Organization recognized approximately \$509,000 from contributions received from the Champions Club fundraising event.

An allowance for contributions receivable is estimated based upon historical collections and analysis of past-due amounts. Management has reviewed the contributions receivable at year end and have recorded an allowance of \$27,705 against balances it deemed uncollectible.

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Notes to Financial Statements

June 30, 2024

As of June 30, 2024 and June 30, 2023 the balance of contributions receivable and allowance for uncollectible accounts were as follows:

	2024	2023
Contributions receivable	\$ 211,323	\$ 82,783
Allowance for uncollectible accounts	(27,705)	(7,257)
Contributions receivable, net	<u>\$ 183,618</u>	<u>\$ 75,526</u>

Leases

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, 2024, the Organization identified no leasing arrangements with terms greater than one year subject to lease accounting under ASC 842.

Functional Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on the statement of activities and changes in net assets. The statement of functional expenses presents expenses by function and natural classification. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Remember Nhu

Notes to Financial Statements

June 30, 2024

Advertising and Publicity

The Organization expenses advertising and publicity costs as incurred. The Organization did not incur any expense related to advertising and publicity for the year ended June 30, 2024.

Liquidity, Risks and Uncertainties

The Organization is dependent on contributions, pledges, fund raising, and program activities to fund its mission. If the Organization experiences any significant decreases in the funding provided by these activities, the Organization's ability to perform its mission would be negatively impacted. See Note 3.

Income Taxes

The Organization is a non-profit organization and is exempt from income tax as provided under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is included in the accompanying financial statements.

Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustment to or disclosure in the financial statements. The Organization's 2022 through 2024 fiscal tax years are open for examination by federal, state or local tax authorities.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions occurring between June 30, 2024 and May 15, 2025, which is the date the financial statements were available to be issued for possible disclosure and recognition in the financial statements.

2. Restatement of Prior Year Financial Statements

The Organization has restated its statement of financial position as of June 30, 2023. The restatement resulted from management's conclusion that the Organization lacked control over certain assets and operations located in certain countries the Organization operates. The effect of the restatement is shown in the table below:

	Property and equipment, net	Other	Total Net Assets
Balance, as previously reported	\$ 1,191,168	\$ -	\$ 2,029,932
Balance, as restated	-	(55,477)	783,287
Effect of change	<u>\$ (1,191,168)</u>	<u>\$ (55,477)</u>	<u>\$ (1,246,645)</u>

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Notes to Financial Statements
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3. Concentration of Credit Risks

Financial instruments that potentially subject the Organization to the concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

As of June 30, 2024, the Organization had \$614,201 in excess of the FDIC insured limit. The amounts of the funds in excess of the FDIC limit are held at Huntington Bank. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk with respect to such balances.

4. Liquidity

The Organization has financial assets available to meet cash needs for its program and general expenditures within one year as follows:

Cash and cash equivalents	\$ 869,379
Contributions receivable, net	<u>183,618</u>
Total Financial Assets	<u>1,052,997</u>
Less: assets subject to donor-imposed restrictions	<u>(350,200)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 702,797</u></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 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 and fewer 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 year ended June 30, 2024, the level of liquidity and reserves was managed within the policy requirements.

5. Contributed Services

A significant portion of the Organization's functions and activities are conducted by unpaid volunteer officers and committee members. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for GAAP recognition.

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Notes to Financial Statements
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6. Net Assets with Donor Restrictions

Net Assets with donor restrictions include donated contributions that are restricted by time or purpose to be for specific programs. Net assets with donor restrictions are restricted for the following purposes at June 30, 2024:

Staff Support	\$ 157,782
US Prevention	128,000
Child Sponsorship	35,000
Special Projects	26,983
Vision Trips	2,435
Total net asset with donor restrictions	<u>\$ 350,200</u>

During the year ended June 30, 2024, the Organization released net assets that satisfied the donor purpose or time restrictions for the following:

Staff Support	\$ 498,655
Special Projects	170,190
US Prevention	102,500
Child Sponsorship	194,408
Total net assets released from restriction	<u>\$ 965,753</u>

7. Leases

The Organization leases several facilities under short-term leasing arrangements for program services. Lease expense under these arrangements was approximately \$164,000 for the year ended June 30, 2024. Lease expenses are included as a component of program services expenses on the statement of activities and changes in net assets.

8. Scholarships

During the year ended June 30, 2024, the Organization provided scholarships to qualifying children that are qualified to move on to their college education, helping to subsidize their college education costs. The Organization has provided \$6,457 total scholarships during the year ended June 30, 2024.

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Notes to Financial Statements
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9. 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 government regulations.

The Organization also contributes land and building to support operations and foundations in foreign countries. During the year ended June 30, 2024, the Organization contributed approximately \$235,000 to these foreign operations and are included in child support expense on the statement of functional expenses. These operations are not consolidated because management has determined that they do not have control over these foreign operations.

10. Commitments and Contingencies

The Organization is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position or operations of the Organization.