

Abandoned Little Angels/ Nhom Tinh Thuong

Financial Statements and Independent Auditors' Report
for the Year Ended December 31, 2023
(with comparative totals for 2022)



Tipton & Company

CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

Independent Auditors' Report.....	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-12



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Abandoned Little Angels/Nhom Tinh Thuong
Houston, Texas

Opinion

We have audited the accompanying financial statements of Abandoned Little Angels/Nhom Tinh Thuong (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Abandoned Little Angels/Nhom Tinh Thuong as of December 31, 2023, and the changes in 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 Abandoned Little Angels/Nhom Tinh Thuong 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Abandoned Little Angels/Nhom Tinh Thuong's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Abandoned Little Angels/Nhom Tinh Thuong'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 Abandoned Little Angels/Nhom Tinh Thuong'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.

Report on Summarized Comparative Information

We have previously audited Abandoned Little Angels/Nhom Tinh Thuong's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tipton & Company LLC

Tipton & Company LLC
Certified Public Accountants
Houston, Texas

June 25, 2024

ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

Statement of Financial Position

<i>As of December 31, (with comparative totals for 2022)</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 190,808	\$ 409,039
Certificates of deposit	181,377	-
Investments	705,546	598,900
Operating lease right-of-use (ROU) asset	37,310	50,740
Rent deposit	811	811
Total Assets	\$ 1,115,852	\$ 1,059,490
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 1,642	\$ 2,888
Operating lease liability	39,032	50,740
Total Liabilities	40,674	53,628
Net Assets		
Without donor restrictions	1,075,178	1,005,862
With donor restrictions	-	-
Total Net Assets	1,075,178	1,005,862
Total Liabilities and Net Assets	\$ 1,115,852	\$ 1,059,490

ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

Statement of Activities

Year Ended December 31, <i>(with comparative totals for 2022)</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue and Support				
Contributions	\$ 108,987	\$ -	\$ 108,987	\$139,807
Interest/dividend income, net of fees	11,871	-	11,871	9,123
Unrealized gains/(losses)	61,379	-	61,379	(107,666)
Realized gains/(losses)	3,410	-	3,410	-
Special event revenue	193,516	-	193,516	255,066
Cost of direct benefit to donor	(29,813)	-	(29,813)	(36,059)
Total Revenue and Support	349,350	-	349,350	\$260,271
Expenses				
Program Services				
Charitable assistance	233,336	-	233,336	308,637
Total Program Services	233,336	-	233,336	308,637
Supporting Services				
Management and general	16,268	-	16,268	14,750
Fundraising	30,430	-	30,430	30,510
Total Supporting Services	46,698	-	46,698	45,260
Total Expenses	280,034	-	280,034	353,897
Change in Net Assets	69,316	-	69,316	(93,626)
Net Assets, Beginning of Year	1,005,862	-	1,005,862	1,099,488
Net Assets, End of Year	\$ 1,075,178	\$ -	\$ 1,075,178	\$ 1,005,862

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

**ABANDONED LITTLE ANGELS/
NHOM TINH THUONG**
Statement of Functional Expenses

Year ended December 31, <i>(with comparative totals for 2022)</i>	Program Services	Supporting Services			2023 Total	2022 Total
	Charitable Assistance	Management and General	Fundraising	Total Supporting Services		
Salaries and related expenses						
Salary and wages	\$ 26,400	\$ 8,800	\$ 8,800	\$ 17,600	\$ 44,000	\$ 38,000
Payroll taxes	2,020	673	673	1,346	3,366	2,907
Total salaries and related expenses	28,420	9,473	9,473	18,946	47,366	40,907
Other expenses						
Accounting fees	4,130	2,065	4,130	6,195	10,325	10,300
Advertising	14,000	-	3,500	3,500	17,500	25,871
Dues and subscriptions	1,255	628	1,255	1,883	3,138	1,031
Facility for Gala	-	-	1,500	1,500	1,500	13,419
Fees	21	11	21	32	53	2,672
Grants inside the United States	18,800	-	-	-	18,800	31,867
Grants outside the United States	150,000	-	-	-	150,000	200,000
Insurance	116	58	116	174	290	980
Meals and entertainment	1,337	-	34,150	34,150	35,487	22,639
Miscellaneous	-	1,449	-	1,449	1,449	1,453
Office expenses	679	339	679	1,018	1,697	2,005
Postage	90	45	90	135	225	813
Printing	6,370	-	-	-	6,370	18,392
Rent for office	4,258	2,129	4,258	6,387	10,645	8,925
Supplies and materials	3,860	71	1,071	1,142	5,002	8,682
Total other expenses	204,916	6,795	50,770	57,565	262,481	349,049
Total Expenses, gross	233,336	16,268	60,243	76,511	309,847	389,956
Less: Direct benefit to donor	-	-	(29,813)	(29,813)	(29,813)	(36,059)
Total Expenses, net	\$ 233,336	\$ 16,268	\$ 30,430	\$ 46,698	\$ 280,034	\$ 353,897

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

**ABANDONED LITTLE ANGELS/
NHOM TINH THUONG**
Statement of Cash Flows

Year ended December 31, (with comparative totals for 2022)	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 69,316	\$ (93,626)
Adjustments to reconcile change in net assets to net change in operating activities:		
Realized (gains)/losses on investments	(3,410)	-
Unrealized (gains)/losses on investments	(61,379)	107,666
Amortization of ROU asset	13,430	(50,740)
Changes in assets and liabilities:		
Operating lease liability	(11,708)	50,740
Accounts payable and accrued liabilities	(1,246)	1,650
Total Adjustments	(64,313)	109,316
Net Change in Operating Activities	5,003	15,690
Cash Flows From Investing Activities		
Interest/dividends reinvested, net of fees	(10,462)	(9,123)
Purchases of certificates of deposit	(180,000)	-
Interest retained in certificates of deposit	(1,377)	-
Net sales/(purchases) of investments	(31,395)	(55,046)
Net Change in Investing Activities	(223,234)	(64,169)
Net Change in Cash and Cash Equivalents	(218,231)	(48,479)
Cash and Cash Equivalents, beginning of year	409,039	457,518
Cash and Cash Equivalents, end of year	\$ 190,808	\$ 409,039

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

ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

Notes to Financial Statements

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Abandoned Little Angels/Nhom Tinh Thuong (“Organization”) was chartered as a nonprofit corporation in the State of Texas on March 11, 2002. The Organization’s mission is to share the gift of love by distributing physical or monetary assistance to the disadvantaged children in Vietnam, especially those who are handicapped and orphans. The assistance is offered either directly or indirectly through trust-worthy charitable, and/or religious charitable organizations.

The Organization organizes visitations to pre-determined locations, evaluates the level of needs, and distributes the following resources: rice, clothing, medicine, wheelchairs, or monetary gifts to the orphans and handicapped children who live in orphanages. Normally, these orphanages and children care centers are run by Buddhist nuns, Catholic Priests or Sisters, and are spread across Vietnam, from the South to the Central Region and all the way to the Northern area of Vietnam. Special focus is placed on many rural regions where contact with the outside assistance is minimal. Funding for these programs are primarily through proceeds from fundraising events and individual donations.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.
- *Net assets with donor restrictions* are resources that 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 use for a purpose specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-restricted endowment earnings are released when those earnings are appropriated with spending policies and are used for the specified purpose.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

Investments

The Organization records investments at fair value. Investment income consists of interest and dividends, realized and unrealized gains and losses, net of investment expenses.

ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

Notes to Financial Statements

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Contributed Services

The Organization receives services donated from volunteers in carrying out the Organization's programs. Contributions of services are recognized as support at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Leases

The Organization accounts for leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. Leases are evaluated using the criteria in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and right-of-use (ROU) asset at the commencement date of the lease. The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have an initial lease term of 12 months or less and for leases that management deems immaterial. Lease expense is recognized on a straight-line basis as rent expense in the statement of functional expenses.

Lease liabilities - Lease liabilities are measured based on the present value of future lease payments using the risk-free rate.

Right of use (ROU) assets - ROU assets are recognized at the present value of the lease payments at inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. ROU assets are amortized over the term of the lease.

Income Taxes

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

Notes to Financial Statements

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time and effort.

Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs for the years ended December 31, 2023 and 2022 were \$17,500 and \$25,871, respectively.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023, comprise the following.

Financial assets:	
Cash and cash equivalents	\$ 190,808
Certificates of deposit	181,377
Investments	705,546
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,077,731

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Organization is primarily funded by contributions from donors and a small number of these (none in 2022 or 2023) are restricted. Those restrictions require that the donation be used for certain programs. A separate budget is kept for those programs so that the funds and their use can be tracked. As part of its liquidity management, the Organization maintains balances in a general checking account sufficient to cover monthly expenditures and any other obligations that become due. All other cash balances are invested in short-term investments. In the event of an unanticipated expense, the Organization can request that a certain amount of invested funds be transferred to the checking account.

NOTE 3 – CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and investments. All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. The Organization maintains its cash balances at three financial institutions. As of December 31, 2023 and 2022, amounts in excess of FDIC insurance were \$15,256 and \$50,699 respectively.

Additionally, cash and securities held by a customer at Security Investor Protection Corporation (SIPC) member brokerage firm are protected up to \$500,000, which includes a limit of \$250,000 for cash. Amounts in excess of SIPC insurance were \$233,531 and \$158,279 as of December 31, 2023 and 2022, respectively.

ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

Notes to Financial Statements

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- (i) Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- (ii) Level 2—Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or by other means.
- (iii) Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets measured at fair value as of December 31, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Equity securities	\$334,080	-	-	\$334,080
Fixed income	216,634	-	-	216,634
Hedge Funds (1)	-	-	-	129,876
Tangible Assets (Commodities) (1)	-	-	-	24,956
Totals	\$550,714	-	-	\$705,546

Assets measured at fair value as of December 31, 2022 are as follows:

	Level 1	Level 2	Level 3	Total
Equity securities	\$286,706	-	-	\$286,706
Fixed income	217,893	-	-	217,893
Hedge Funds (1)	-	-	-	71,822
Tangible Assets (Commodities) (1)	-	-	-	22,479
Totals	\$504,599	-	-	\$598,900

Valuation methods used for assets measured at fair value are as follows:

- *Equity securities* are valued using quoted prices in an active market for an identical instrument.
- *Fixed income securities* include corporate and U.S. Treasury notes and bonds:
 - Corporate bonds are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes to calculate fair values.

ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

Notes to Financial Statements

- U.S. Treasury notes and bonds are valued using prices obtained from active markets and inter-dealer brokers on a daily basis.

(1) Certain investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial condition.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 5 – OPERATING LEASES

The Organization has entered into a non-cancelable operating lease for office space for 62 months expiring January 31, 2028. Under the term of the lease, the Organization received two months free rent through January 31, 2023; followed by monthly rental payments of \$811 through January 31, 2025; \$860 through January 31, 2027; and \$885 through January 31, 2028.

Total lease costs associated with operating leases for the years ended December 31, 2023 and 2022 were \$10,645 and \$8,925, respectively, and were recorded as rent expense in the statement of functional expenses. For the years ended December 31, 2023 and 2022, cash paid for amounts included in the measurement of operating lease liabilities was \$8,924 and \$8,925. The remaining lease term for the operating lease is approximately 4 years, and the discount rate associated with the operating lease is 2.5%.

For the years ended December 31, 2023 and 2022, rent expense was \$10,645 and \$8,925, respectively.

Future minimum lease payments are as follows:

For the years ending December 31,	
2024	\$ 9,735
2025	10,276
2026	10,325
2027	10,595
Thereafter	885
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Total future lease payments	41,816
Discount to present value	(4,506)
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Present value of future lease payments	\$ 37,310

NOTE 6 – JOINT COST OF ACTIVITIES THAT INCLUDE FUNDRAISING APPEAL

The Organization achieves some of its programmatic goals in direct mail campaigns and door-to-door campaigns that include requests for contributions. The costs of conducting those campaigns include joint costs that are not

**ABANDONED LITTLE ANGELS/
NHOM TINH THUONG**
Notes to Financial Statements

directly attributable to either the program or management and general components or the fund-raising component of the activities.

Joint costs were allocated as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Education about disadvantaged children in Vietnam	\$20,460	\$39,414
Management and general	45	163
Fundraising	3,590	5,500
Total	\$24,095	\$45,077

NOTE 7 – CONCENTRATIONS

For the year ended December 31, 2023, approximately eighty-six percent (51%) of the Organization's total revenue and support came from the Organization's annual fundraising event, and for the year ended December 31, 2022, approximately eighty-six percent (86%) of the Organization's total revenue and support came from the Organization's annual fundraising event.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2024, the date the financial statements were available to be issued. No events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.