

# ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

Financial Statements for the Year Ended December 31, 2021  
(with comparative totals for 2020)  
Along with Independent Auditors' Report



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## 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, 2021, 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, 2021, 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:

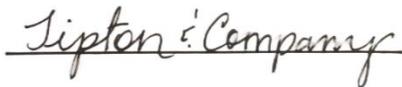
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sincerely,

A handwritten signature in cursive script that reads "Tipton & Company". The signature is written in black ink and is positioned above the printed name of the firm.

Tipton & Company  
Certified Public Accountants  
Houston, Texas

May 29, 2022

**ABANDONED LITTLE ANGELS/  
NHOM TINH THUONG**  
Statement of Financial Position

<i>As of December 31, (with comparative totals for 2020)</i>	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 457,518	\$ 383,907
Certificate of deposits	-	121,344
Investments	642,397	546,988
Rent deposit	811	811
<b>Total Assets</b>	<b>\$ 1,100,726</b>	<b>\$ 1,053,050</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued liabilities	\$ 1,238	\$ 2,886
Total Liabilities	1,238	2,886
Net Assets		
Without donor restrictions	1,099,488	1,050,164
With donor restrictions	-	-
Total Net Assets	1,099,488	1,050,164
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,100,726</b>	<b>\$ 1,053,050</b>

**ABANDONED LITTLE ANGELS/  
NHOM TINH THUONG**  
Statement of Activities

Year Ended December 31, <i>(with comparative totals for 2020)</i>	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>Revenue and Support</b>				
Contributions	\$ 107,875	\$ -	\$ 107,875	\$343,518
Interest/dividend income, net of fees	12,762	-	12,762	3,702
Unrealized gains/(losses)	24,497	-	24,497	62,333
Realized gains/(losses)	7,919	-	7,919	3,234
Special event revenue	242,009	-	242,009	22,300
Cost of direct benefit to donor	(29,283)	-	(29,283)	-
<b>Total Revenue and Support</b>	<b>365,779</b>	<b>-</b>	<b>365,779</b>	<b>\$435,087</b>
<b>Expenses</b>				
Program Services				
Charitable assistance	278,388	-	278,388	228,126
<b>Total Program Services</b>	<b>278,388</b>	<b>-</b>	<b>278,388</b>	<b>228,126</b>
Supporting Services				
Management and general	11,184	-	11,184	9,960
Fundraising	26,883	-	26,883	26,257
<b>Total Supporting Services</b>	<b>38,067</b>	<b>-</b>	<b>38,067</b>	<b>36,217</b>
<b>Total Expenses</b>	<b>316,455</b>	<b>-</b>	<b>316,455</b>	<b>264,343</b>
<b>Change in Net Assets</b>	<b>49,324</b>	<b>-</b>	<b>49,324</b>	<b>170,744</b>
Net Assets, Beginning of Year	1,050,164	-	1,050,164	879,420
<b>Net Assets, End of Year</b>	<b>\$ 1,099,488</b>	<b>\$ -</b>	<b>\$ 1,099,488</b>	<b>\$ 1,050,164</b>

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 2020)</i>	Program Services		Supporting Services			<b>2021 Total</b>	2020 Total
	Charitable Assistance	Management and General	Fundraising	Total Supporting Services			
<b>Salaries and related expenses</b>							
Salary and wages	\$ 10,492	\$ 5,246	\$ 10,492	\$ 15,738	\$ 26,230	\$ 20,800	
Payroll taxes	803	401	803	1,204	2,007	1,588	
<b>Total salaries and related expenses</b>	<b>11,295</b>	<b>5,647</b>	<b>11,295</b>	<b>16,942</b>	<b>28,237</b>	<b>22,388</b>	
<b>Other expenses</b>							
Accounting fees	3,720	1,860	3,720	5,580	9,300	9,550	
Advertising	14,744	-	3,686	3,686	18,430	3,401	
Dues and subscriptions	1,283	641	1,283	1,924	3,207	3,387	
Entertainment	-	-	2,517	2,517	2,517	5,775	
Facility for Gala	-	-	15,316	15,316	15,316	-	
Fees	40	20	415	435	475	72	
Grants inside the United States	26,492	-	-	-	26,492	30,038	
Grants outside the United States	200,000	-	-	-	200,000	160,000	
Insurance	824	412	824	1,236	2,060	1,082	
Meals	-	-	11,450	11,450	11,450	-	
Miscellaneous	-	-	453	453	453	438	
Office expenses	515	257	515	772	1,287	2,069	
Postage	185	93	185	278	463	1,373	
Printing	14,783	-	-	-	14,783	15,591	
Rent for office	3,786	1,893	3,786	5,679	9,465	8,417	
Supplies and materials	721	361	721	1,082	1,803	762	
<b>Total other expenses</b>	<b>267,093</b>	<b>5,537</b>	<b>44,871</b>	<b>50,408</b>	<b>317,501</b>	<b>241,955</b>	
Total Expenses, gross	278,388	11,184	56,166	67,350	345,738	264,343	
Less: Direct benefit to donor	-	-	(29,283)	(29,283)	(29,283)	-	
<b>Total Expenses, net</b>	<b>\$ 278,388</b>	<b>\$ 11,184</b>	<b>\$ 26,883</b>	<b>\$ 38,067</b>	<b>\$ 316,455</b>	<b>\$ 264,343</b>	

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 2020)	2021	2020
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 49,324	\$ 170,744
Adjustments to reconcile change in net assets to net change in operating activities:		
Realized (gains)/losses on investments	(7,919)	(3,234)
Unrealized (gains)/losses on investments	(24,497)	(62,333)
Changes in assets and liabilities:		
Accounts payable and accrued liabilities	(1,648)	2,037
<b>Total Adjustments</b>	<b>(34,064)</b>	<b>(63,530)</b>
<b>Net Change in Operating Activities</b>	<b>15,260</b>	<b>107,214</b>
<b>Cash Flows From Investing Activities</b>		
Interest/dividends reinvested, net of fees	(12,762)	(3,702)
Net sales/(purchases) of investments	71,113	(106,148)
<b>Net Change in Investing Activities</b>	<b>58,351</b>	<b>(109,850)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>73,611</b>	<b>(2,636)</b>
Cash and Cash Equivalents, beginning of year	383,907	386,543
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 457,518</b>	<b>\$383,907</b>

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

# ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

## Notes to Financial Statements

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### 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

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### NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

#### 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.

#### 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, 2021 and 2020 were \$18,430 and \$3,401, respectively.

# ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

## Notes to Financial Statements

### 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, 2021, comprise the following.

Financial assets:	
Cash and cash equivalents	\$ 457,518
Investments	642,397
Financial assets available to meet cash needs for general expenditures within one year	
	\$ 1,099,915

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 2021) 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.

Certificates of deposit totaling \$121,344 bearing interest at 2.469% matured July 29, 2021.

### 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, 2021 and 2020, amounts in excess of FDIC insurance were \$58,747 and \$62,853 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 \$256,869 and \$90,157 as of December 31, 2021 and 2020, respectively.

### 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).

# ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

## Notes to Financial Statements

### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
Equity securities	\$309,357	-	-	\$309,357
Fixed income	230,868	-	-	230,868
Hedge Funds (1)	-	-	-	79,675
Tangible Assets (Commodities) (1)	-	-	-	22,497
<b>Totals</b>	<b>\$540,225</b>	<b>-</b>	<b>-</b>	<b>\$642,397</b>

Assets measured at fair value as of December 31, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
Equity securities	\$240,489	-	-	\$240,489
Fixed income	222,444	-	-	222,444
Hedge Funds (1)	-	-	-	59,499
Tangible Assets (Commodities) (1)	-	-	-	24,556
<b>Totals</b>	<b>\$462,933</b>	<b>-</b>	<b>-</b>	<b>\$546,988</b>

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

# ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

## Notes to Financial Statements

### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

(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 – LEASE AGREEMENT

The Organization entered into an operating lease for office space that expires November 30, 2022. Terms of the lease are base monthly rental payments of \$787 for 2021 and \$811 for 2022. For the years ended December 31, 2021 and 2020, rent expense was \$9,465 and \$8,417, respectively. Future minimum lease payments under the operating lease as of December 31, 2021 are:

2022	\$8,924
Thereafter	-
Total	\$8,924

### NOTE 6 – JOINT COST OF ACTIVITIES THAT INCLUDE FUND-RAISING 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 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 year ended December 31, 2021:

Education about disadvantaged children in Vietnam	\$29,712
Management and general	93
Fund-raising	3,871
Total	\$33,676

Joint costs were allocated as follows for the year ended December 31, 2020:

Education about disadvantaged children in Vietnam	\$18,861
Management and general	275
Fund-raising	1,230
Total	\$20,366

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

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**NOTE 7 – CONCENTRATIONS**

For the year ended December 31, 2021, approximately sixty-one percent (61%) of the Organization's total revenue and support came from the Organization's annual fundraising event and for the year ended December 31, 2020, one contributor accounted for twenty-five percent (25%) of total revenue and support.

**NOTE 8 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 29, 2022, the date the financial statements were available to be issued. Management has not identified any subsequent events that would require an adjustment to the financial statements or disclosures as required by GAAP.