

ABANDONED LITTLE ANGELS/ NHOM TINH THUONG

Financial Statements for the Year Ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Abandoned Little Angels/Nhom Tinh Thuong (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Abandoned Little Angels/Nhom Tinh Thuong as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sincerely,



Tipton & Company
Certified Public Accountants
Houston, Texas

November 11, 2020

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

As of December 31, 2019

Assets

Cash and cash equivalents	\$	386,543
Certificate of deposits		118,100
Investments		374,815
Rent deposit		811

Total Assets \$ 880,269

Liabilities and Net Assets

Liabilities

Accrued liabilities	\$	849
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Total Liabilities 849

Net Assets

Without donor restrictions	879,420
With donor restrictions	-

Total Net Assets 879,420

Total Liabilities and Net Assets \$ 880,269

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

<i>For the year ended December 31, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Contributions	\$ 126,567	\$ -	\$ 126,567
Interest/dividend income, net of investment fees	7,430	-	7,430
Unrealized gains/(losses)	40,186	-	40,186
Realized gains/(losses)	2,188	-	2,188
Special events:			
Revenue	259,844		
Less: Direct benefit to donor	<u>(24,812)</u>		
Net special events revenue	235,032	-	235,032
Net assets released from restrictions	-	-	-
Total Revenue and Support	411,403	-	411,403
Expenses:			
Program Services:			
Charitable assistance	247,897	-	247,897
Total Program Services	247,897	-	247,897
Supporting Services:			
Management and general	8,813	-	8,813
Fundraising	26,275	-	26,275
Total Supporting Services	35,088	-	35,088
Total Expenses	282,985	-	282,985
Change in Net Assets	128,418	-	128,418
Net Assets, Beginning of Year	751,002	-	751,002
Net Assets, End of Year	\$ 879,420	\$ -	\$ 879,420

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

	Program Services		Supporting Services		Total
	Charitable Assistance	Management and General	Fundraising	Total Supporting Services	
<i>For the year ended December 31,2019</i>					
Accounting fees	\$ 2,560	\$ 1,280	\$ 2,560	\$ 3,840	\$ 6,400
Advertising	11,413	-	2,853	2,853	14,266
Bank charges	808	404	808	1,212	2,020
Dues & subscriptions	1,668	834	1,668	2,502	4,170
Education & training	220	110	220	330	550
Entertainment	-	-	3,900	3,900	3,900
Grant inside U.S.	4,500	-	-	-	4,500
Insurance	180	90	180	270	450
Investment fees	-	7,790	-	7,790	7,790
Meals	-	-	17,077	17,077	17,077
Office expenses	164	82	164	246	410
Rent for golf tournament	-	-	3,835	3,835	3,835
Rent for office	610	305	610	915	1,525
Payroll expenses	9,395	4,697	8,297	12,994	22,389
Postage	1,778	889	1,778	2,667	4,445
Printing	14,357	-	3,589	3,589	17,946
Grant outside U.S.	200,000	-	-	-	200,000
Supplies & materials for Gala	-	-	3,304	3,304	3,304
Supplies & materials	244	122	244	366	610
Total Expenses, gross	247,897	16,603	51,087	67,690	315,587
Less: Investment fees	-	(7,790)	-	(7,790)	(7,790)
Less: Direct benefit to donor	-	-	(24,812)	(24,812)	(24,812)
Total Expenses, net	\$ 247,897	\$ 8,813	\$ 26,275	\$ 35,088	\$ 282,985

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

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

For the year Ended December 30, 2019

Cash Flows From Operating Activities	
Change in net assets	\$ 128,418
Adjustments to reconcile change in net assets to net change in operating activities:	
Realized (gains)/losses on investments	(2,188)
Unrealized (gains)/losses on investments	(40,186)
Changes in assets and liabilities:	
Rent deposits	(811)
Accrued liabilities	849
Total Adjustments	(42,336)
Net Change in Operating Activities	86,082
Cash Flows From Investing Activities	
Dividends/interest reinvested	(14,290)
Proceeds from sale of investments, net of purchases	45,588
Net Change in Investing Activities	31,298
Cash Flows From Financing Activities	
N/A	-
Net Change in Financing Activities	-
Net Change in Cash and Cash Equivalents	117,380
Cash and Cash Equivalents, beginning of year	269,163
Cash and Cash Equivalents, end of year	\$ 386,543

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

The 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.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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

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. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments

Investments in marketable equity securities with readily determinable fair values and equity securities without readily determinable fair values are stated at fair value.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Use of Estimates

Management uses estimates and assumptions in preparing 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.

Revenue Recognition

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

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.

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

Special Event Revenue

Special event revenue is recognized when the event occurs. Amounts received for future events represent conditional contributions and are reported in the statement of financial position as deferred special event revenue until earned. Direct donor benefit costs represent the costs of goods and services provided to attendees of special events.

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 during the year ended December 31, 2019. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization files its form 990 with Federal and state authorities. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

Fair Value of Financial Instruments

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 measurements) 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.

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

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.

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. During 2019, advertising costs totaled \$14,266.

NOTE 2 - CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$118,100 bear interest at 2.469% and matures July 29, 2021, with no material penalties for early withdrawal. Certificates of deposit are reported at fair value using a Level 1 measure.

NOTE 3 – CONCENTRATION OF CREDIT RISKS

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 two financial institutions. The balances are insured by the FDIC up to \$250,000. As of December 31, 2019, the Organization's cash balances were fully insured by the FDIC insurance.

NOTE 4 - INVESTMENTS

Investments are measured at fair value in the statement of financial position based on quoted market price. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. Investments consist of the following at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Equities	\$124,284	\$-	\$-	\$124,284
Fixed Income	191,723	-	-	191,723
Hedge Funds (1)	-	-	-	44,434
Tangible Assets (Commodities) (1)	-	-	-	14,374
Total	\$316,007	\$-	\$-	\$374,815

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

As discussed in Note 1, the Organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe marketplace inputs to the valuation techniques.

The Organization uses the following ways to determine the fair value of its investments:

Equities – listed equity securities are valued using quoted prices in an active market for an identical Instrument.

Fixed Income – includes 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.

Money Market Funds – are valued at the reported net asset value.

Certificate of Deposits – valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments. See Note 2

(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.

There have been no changes to the methodologies used as of December 31, 2019.

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 – LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$386,543
Certificate of deposits	118,100
Investments	374,815
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Total	\$879,458

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

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 substantially supported by contributions and grants, and regularly monitors liquidity required to meet its operating needs. As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 6 – 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 \$762 for 2020, \$787 for 2021, and \$811 for 2022.

Future minimum lease payments under the operating lease as of December 31, 2019 are:

Year ending December 31:	
2020	\$9,170
2021	9,465
2022	8,924
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Total	\$27,559

NOTE 7 – 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 included a total of \$36,657 of joint costs that are not directly attributable to either the program or management and general components or the fund-raising component of the activities. Those joint costs were allocated as follows:

Education about disadvantaged children in Vietnam	\$27,548
Management and general	889
Fund-raising	8,220
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Total	\$36,657

NOTE 8 – RECENT FINANCIAL ACCOUNTING PRONOUNCEMENT

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

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

The ASU is effective for fiscal periods beginning after December 15, 2020. The Organization plans to adopt this ASU for fiscal year ending December 31, 2021. Upon adoption, management expects to recognize lease commitments as both a right of use asset and a lease liability in the statement of financial position for commitments that are currently only disclosed in the financial statements.

NOTE 9 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

On August 18, 2016, FASB issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 11, 2020 the date the financial statements were available to be issued. The Organization has determined that no change to the financial statements for the year ended December 31, 2019 is deemed necessary as a result of this evaluation.

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Organization has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for their people. At this stage, the impact on their operations and results has not been significant and based on their experience to date they expect this to remain the case. As they operate in various countries, they have found increased demand for their services and expect this to continue.