

REDEEM INTERNATIONAL

***FINANCIAL STATEMENTS
AND
AUDITORS' REPORT***

MARCH 31, 2022

REDEEM INTERNATIONAL

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Redeem International

Opinion

We have audited the financial statements of Redeem International (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, expenses by function and natural classification, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Redeem International as of March 31, 2022, 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 (GAAS). 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 Redeem International and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Redeem International's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 could reasonably be expected to influence the judgement made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, 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 Redeem International'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 Redeem International'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.

New York, NY
September 2, 2022

Skody Scot & Company, CPAS, P.C.

**REDEEM INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022**

ASSETS

Cash	\$ 700,361
Contributions receivable	651,000
Prepaid expenses	754
Property and equipment, net	<u>7,622</u>
Total assets	<u><u>\$ 1,359,737</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 68,184
Total liabilities	<u>68,184</u>
Commitments and contingencies (see notes)	
Net Assets:	
Without donor restrictions	666,644
With donor restrictions	<u>624,909</u>
Total net assets	<u>1,291,553</u>
Total liabilities and net assets	<u><u>\$ 1,359,737</u></u>

See accompanying notes to the financial statements.

**REDEEM INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions	\$ 1,109,928	\$ 624,909	\$ 1,734,837
Government grant	10,416	-	10,416
Contributions in-kind	19,557	-	19,557
Exchange gain/(loss)	7,887	-	7,887
Total support and revenues	<u>1,147,788</u>	<u>624,909</u>	<u>1,772,697</u>
Expenses:			
Program services	628,408	-	628,408
Management and general	76,775	-	76,775
Fundraising	96,216	-	96,216
Total expenses	<u>801,399</u>	<u>-</u>	<u>801,399</u>
Increase/(Decrease) in net assets	<u>346,389</u>	<u>624,909</u>	<u>971,298</u>
Net assets, beginning of year	<u>320,255</u>	<u>-</u>	<u>320,255</u>
Net assets, end of year	<u><u>\$ 666,644</u></u>	<u><u>\$ 624,909</u></u>	<u><u>\$ 1,291,553</u></u>

See accompanying notes to the financial statements.

REDEEM INTERNATIONAL
STATEMENT OF EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION
YEAR ENDED MARCH 31, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Personnel costs:				
Salaries	\$ 309,245	\$ 40,972	\$ 61,459	\$ 411,676
Payroll taxes and employee benefits	45,392	3,387	5,471	54,250
Total personnel costs	<u>354,637</u>	<u>44,359</u>	<u>66,930</u>	<u>465,926</u>
Direct expenses:				
Bank charges and processing fees	4,329	1,229	1,515	7,073
Consultants and outside contractors	95,714	3,952	12,266	111,932
Depreciation	917	-	-	917
Equipment and furnishings	42,049	1,169	360	43,578
Insurance	4	897	3,096	3,997
Occupancy	35,077	-	-	35,077
Office supplies and expenses	8,851	4,857	1,978	15,686
Postage and delivery	2	100	1,972	2,074
Professional fees	4,528	14,000	-	18,528
Software and licenses	2,033	2,526	1,942	6,501
Staff care and development	12,105	3,676	637	16,418
Telecommunications	5,032	10	90	5,132
Travel & meetings	63,130	-	5,430	68,560
Total direct expenses	<u>273,771</u>	<u>32,416</u>	<u>29,286</u>	<u>335,473</u>
Total expenses	<u>\$ 628,408</u>	<u>\$ 76,775</u>	<u>\$ 96,216</u>	<u>\$ 801,399</u>

See accompanying notes to the financial statements.

**REDEEM INTERNATIONAL
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022**

Cash flows from operating activities:	
Increase/(decrease) in net assets	\$ 971,298
Adjustments for non-cash items included in operating activities:	
Depreciation	917
Changes in assets and liabilities:	
Contributions receivable	(500,620)
Prepaid expenses	(754)
Accounts payable and accrued expenses	51,598
Refundable advance	(10,416)
Net cash provided/(used) by operating activities	<u>512,023</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(8,539)</u>
Net cash provided/(used) by investing activities	<u>(8,539)</u>
Cash flows from financing activities	<u>-</u>
Net increase/(decrease) in cash	503,484
Cash at beginning of year	<u>196,877</u>
Cash at end of year	<u><u>\$ 700,361</u></u>

See accompanying notes to the financial statements.

REDEEM INTERNATIONAL NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Organization: Redeem International (hereafter referred to as the Organization) is a not-for-profit corporation, incorporated in the State of Virginia on October 3, 2019. The mission of the Organization is to protect widows and orphans from violent abuse and exploitation. The Organization currently pursues this mission in Uganda, partnering with local law enforcement to protect widows and orphans from predatory eviction.

Tax exempt status: The Organization was granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) on March 5, 2020. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements include any uncertain tax positions.

Major sources of income: The Organization programs are supported primarily by foundation and individual contributions.

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.

Estimates and assumptions: Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. 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. Actual results could vary from the estimates that were used.

Receivables: Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Property and equipment: The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of property and equipment is computed by the straight-line method over estimated useful life of seven years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

REDEEM INTERNATIONAL NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Net assets: Net assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. 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 (endowment), where the donor stipulates that resources be maintained in perpetuity.

Revenue recognition: The Organization recognizes contributions when cash, noncash assets, or unconditional promises to give are received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as refundable advances in the statement of financial position. At March 31, 2022, the Organization did not have any conditional pledges that were not recognized.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

During the year ended March 31, 2021, the Organization received \$10,416 of Paycheck Protection Program funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and chose to defer the revenue recognition of this amount until the Organization receives confirmation that it has successfully met the grant conditions. During the year ended March 31, 2022, the Organization received confirmation that it has successfully met the grant conditions and has recognized the amount as government grant revenue.

**REDEEM INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS**

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional expense allocation: The direct costs of providing programs and other activities have been summarized on a functional basis in the statement of activities and statement of expenses by function and natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries and related expenses and consultants based on estimated time and effort. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

2. Receivables

As of March 31, 2022, receivables are expected to be realized in the following periods:

In one year or less	\$ 586,000
Between one to two years	<u>65,000</u>
Total	<u>\$ 651,000</u>

Due to low interest rates, management has determined that discounting long-term receivables is immaterial.

3. Property and Equipment

Property and equipment by major class consisted of the following at March 31, 2022:

Furniture and fixtures	\$ 8,539
Less: Accumulated depreciation	(917)
	<u>\$ 7,622</u>

4. Net Assets With Donor Restrictions

As of March 31, 2022, net assets with donor restrictions are available as follows:

Legal & social work	\$ 543,909
FY23 activities	66,000
FY24 activities	<u>15,000</u>
Total	<u>\$ 624,909</u>

REDEEM INTERNATIONAL NOTES TO FINANCIAL STATEMENTS

5. Partner Organization

The Organization carries on its mission in Uganda and during the year ended March 31, 2022, the Organization was in the process of receiving its Ugandan Non-Governmental Organization (NGO) registration approval, which was approved in September 2021. Prior to receiving this approval, the Organization was unable to open a bank account in Uganda. In order to make the process for paying expenses in Uganda more efficient, the Organization partnered with another organization, International Justice Mission (IJM), which is registered in Uganda as an NGO. For the period from April to September 2021, IJM made payments on behalf of the Organization for some of its expenses. At March 31, 2022, there are no amounts due between the organizations.

IJM has employees which serve on the Organization's board, provides funding to the Organization, and allows them to use office space at no cost.

6. Concentrations

Insurance Coverage: The Organization maintains its domestic and foreign bank accounts with major financial institutions. For domestic bank accounts, the Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 per financial institution. For foreign bank accounts in Uganda, The Deposit Protection Fund insures deposits up to 10,000,000 Uganda Shillings. At times, the balances of the accounts have exceeded the insured limits during the year ended March 31, 2022.

Revenue Sources: For the year ended March 31, 2022, approximately 30% of the Organization's total revenue was provided by the partner organization previously discussed in Note 5. It is always possible that grantors and contributors may be lost in the near term. In the event funding is terminated or significantly reduced, the Organization's ability to provide its program at the same level of service would be greatly diminished.

7. Retirement Plan

In July 2021, the Organization adopted a SIMPLE IRA retirement plan for its U.S. employees. Any U.S. employee who has received at least \$5,000 in compensation from the Organization during any two preceding years and is expected to receive at least \$5,000 during the current year is eligible to participate in the plan. The Organization makes contributions based on a percentage of the employee contribution, subject to IRS limits. For the year ended March 31, 2022, the Organization contributed a total of \$5,287 towards the plan.

**REDEEM INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS**

8. In-Kind Contributions

The Organization received in-kind contributions that met the criteria for being recognized in accordance with GAAP. For the year ended March 31, 2022, amounts recognized in the statement of activities are as follows:

Rent – office space in Uganda	\$ 19,557
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The in-kind contributions received during the year ended March 31, 2022, did not have any donor-imposed restrictions.

The valuation technique used by the Organization for the in-kind contributions is as follows:

Office space - the fair value is estimated using current rates for similar office space in the area.

9. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of March 31, 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

Financial assets:	
Cash	\$ 700,361
Receivables	<u>651,000</u>
Total financial assets	1,351,361
Less those unavailable for general expenditures within one year:	
Receivables collectible beyond one year	<u>(65,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,286,361</u>

10. Subsequent Events

Management has evaluated subsequent events through September 2, 2022, the date the financial statements were available to be issued, to evaluate whether any such events warrant adjustment to any reported amounts or inclusion of additional disclosures. No such adjustments or disclosures were judged to be necessary.