

REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditors' Report

March 31, 2025 and 2024



REDEEM INTERNATIONAL AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Redeem International and Subsidiary
Merrifield, Virginia

Opinion

We have audited the accompanying consolidated financial statements of Redeem International and Subsidiary, which comprise the consolidated statements of financial position as of March 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Redeem International and Subsidiary as of March 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the 2024 financial statements of Redeem International in Uganda (an international NGO of Uganda), which statements reflect total assets of \$189,741 as of March 31, 2024. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, in accordance with the International Standards on Auditing (ISA), whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Redeem International in Uganda (an international NGO of Uganda), is based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by, the other auditors. We have applied audit procedures on the conversion adjustments to the financial statements of Redeem International in Uganda (an international NGO of Uganda), which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Redeem International in Uganda (an international NGO of Uganda), prior to these conversion adjustments, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Redeem International and Subsidiary 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Redeem International and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Redeem International and Subsidiary'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.

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REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Financial Position

	March 31,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 1,695,980	\$ 1,935,392
Contributions receivable	453,563	203,059
Prepaid expenses	37,096	32,039
Property and equipment-net	792	3,910
Total Assets	<u>\$ 2,187,431</u>	<u>\$ 2,174,400</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 29,439	\$ 39,829
Accrued expenses	103,745	63,786
Total liabilities	<u>133,184</u>	<u>103,615</u>
Net assets:		
Without donor restrictions	1,427,937	1,441,575
With donor restrictions	626,310	629,210
Total net assets	<u>2,054,247</u>	<u>2,070,785</u>
Total Liabilities and Net Assets	<u>\$ 2,187,431</u>	<u>\$ 2,174,400</u>

See notes to consolidated financial statements

REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Activities

	Year Ended March 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS:						
Contributions	\$ 2,473,474	\$ 1,779,739	\$ 4,253,213	\$ 1,990,967	\$ 1,241,002	\$ 3,231,969
Interest income	64,692	-	64,692	69,698	-	69,698
Other income	7,752	-	7,752	-	-	-
Net assets released from restrictions	1,782,639	(1,782,639)	-	931,036	(931,036)	-
Total Support, Revenue, and Reclassifications	4,328,557	(2,900)	4,325,657	2,991,701	309,966	3,301,667
EXPENSES:						
Program services	3,417,381	-	3,417,381	2,339,743	-	2,339,743
Management and general	349,535	-	349,535	264,823	-	264,823
Fundraising	473,888	-	473,888	475,599	-	475,599
Total Expenses	4,240,804	-	4,240,804	3,080,165	-	3,080,165
Change in Net Assets Before Foreign Currency Translation Adjustments	87,753	(2,900)	84,853	(88,464)	309,966	221,502

(continued)

See notes to consolidated financial statements

REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Activities

(continued)

	Year Ended March 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Foreign Currency Translation Adjustments	(101,391)	-	(101,391)	(46,214)	-	(46,214)
Change in Net Assets	(13,638)	(2,900)	(16,538)	(134,678)	309,966	175,288
Net Assets, Beginning of Year	1,441,575	629,210	2,070,785	1,576,253	319,244	1,895,497
Net Assets, End of Year	<u>\$ 1,427,937</u>	<u>\$ 626,310</u>	<u>\$ 2,054,247</u>	<u>\$ 1,441,575</u>	<u>\$ 629,210</u>	<u>\$ 2,070,785</u>

See notes to consolidated financial statements

REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended March 31, 2025

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,159,893	\$ 203,862	\$ 337,298	\$ 1,701,053
Payroll taxes and employee benefits	883,578	39,525	47,871	970,974
Travel and meetings	718,409	575	32,055	751,039
Consultants and outside contractors	201,555	19,473	26,845	247,873
Staff care and development	130,601	2,426	7,328	140,355
Office supplies and expenses	111,387	173	3,422	114,982
Rent and utilities	105,571	-	-	105,571
Software and licenses	39,033	28,980	8,892	76,905
Professional fees	13,512	53,083	-	66,595
Bank charges and processing fees	13,900	1,207	8,833	23,940
Telecommunications	36,775	-	-	36,775
Depreciation	3,118	-	-	3,118
Postage and delivery	49	231	1,344	1,624
Total expenses	<u>\$ 3,417,381</u>	<u>\$ 349,535</u>	<u>\$ 473,888</u>	<u>\$ 4,240,804</u>

See notes to consolidated financial statements

REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended March 31, 2024

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 835,108	\$ 151,692	\$ 352,369	\$ 1,339,169
Payroll taxes and employee benefits	572,110	44,347	60,928	677,385
Travel and meetings	413,983	703	18,040	432,726
Consultants and outside contractors	118,969	8,751	14,461	142,181
Staff care and development	114,316	2,232	6,410	122,958
Office supplies and expenses	89,865	5,839	2,552	98,256
Rent and utilities	88,098	150	2,948	91,196
Software and licenses	41,848	9,272	7,792	58,912
Professional fees	19,128	36,224	-	55,352
Bank charges and processing fees	19,589	5,355	9,042	33,986
Telecommunications	24,919	-	17	24,936
Depreciation	1,783	-	-	1,783
Postage and delivery	27	258	1,040	1,325
Total expenses	<u>\$ 2,339,743</u>	<u>\$ 264,823</u>	<u>\$ 475,599</u>	<u>\$ 3,080,165</u>

See notes to consolidated financial statements

REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (16,538)	\$ 175,288
Adjustments to reconcile change in net assets to net cash provided (used) for operating activities		
Depreciation	3,118	1,783
Changes in:		
Contributions receivable	(250,504)	101,435
Prepaid expenses	(5,057)	2,077
Accounts payable	(10,390)	1,935
Accrued expenses	39,959	15,803
Net Cash Provided (Used) by Operating Activities	<u>(239,412)</u>	<u>298,321</u>
Change in Cash and Cash Equivalents	(239,412)	298,321
Cash and Cash Equivalents, Beginning of Year	<u>1,935,392</u>	<u>1,637,071</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,695,980</u></u>	<u><u>\$ 1,935,392</u></u>

See notes to consolidated financial statements

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2025 and 2024

1. NATURE OF ORGANIZATION:

Redeem International is a not-for-profit corporation, incorporated in the State of Virginia on October 3, 2019. The mission of Redeem International is to protect widows and orphans from violent abuse and exploitation. Redeem International currently pursues this mission in Uganda, partnering with local law enforcement to protect widows and orphans from predatory eviction. Redeem International is primarily supported by contributions.

Redeem International was granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code (IRC) Section 501(c)(3) on March 5, 2020. Accordingly, no provision for federal, state or local income taxes has been recorded. In addition, Redeem International is not classified as a private foundation within the meaning of Section 501(a) of the IRC.

Redeem International in Uganda (an international NGO of Uganda) was created in 2021 and is registered in the Republic of Uganda under the Republic of Uganda NGO Act 2016. Redeem International in Uganda exists to aid in fulfilling Redeem International's mission in the Republic of Uganda. Redeem International in Uganda is exempt from income tax under The Republic of Uganda's Income Tax Act, Section 2(bb). Redeem International in Uganda is primarily supported by contributions from Redeem International.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The consolidated financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the consolidated financial statements and during the reporting period. Actual results could differ from those estimates. The more significant accounting policies are described below. The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASU).

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of Redeem International and Redeem International in Uganda. All intercompany transactions have been eliminated in consolidation. The consolidated organizations are referred to as "the Organization" throughout the remainder of the notes.

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH, CASH EQUIVALENTS, AND CREDIT RISK

The Organization considers cash and cash equivalents to be amounts in checking and savings accounts, cash on hand, and all highly liquid instruments with original maturities of three months or less. From time to time, United States based accounts exceed federal deposit insurance (FDIC) limits. The Organization's United States based cash balances did not exceed FDIC limits as of March 31, 2025 and 2024. Ugandan cash accounts are insured by the Deposit Protection Fund of Uganda up to 10 million Ugandan Shilling (UGX) (approximately \$2,700 in USD). Cash accounts exceeded this limit by approximately \$142,000 and \$147,000 as of March 31, 2025 and 2024, respectively. The Organization had no restricted cash at March 31, 2025 and 2024.

CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts, if necessary based on the expected collection of contributions receivable in future years, are computed using risk adjusted interest rates applicable to the years in which the contributions receivable are received. No discount has been recorded as of March 31, 2025 and 2024, as the amount has been deemed immaterial to the consolidated financial statements. Management provides for probable uncollectible amounts relating to pledges to give through an adjustment to a valuation allowance based on its assessment of the current status of individual contributions. Balances that are still outstanding after management has determined that payment will not be made are written off through a charge to the valuation allowance and a credit to contributions receivable. Management believes all contributions are collectible; therefore, no provision for uncollectible accounts was made as of March 31, 2025 and 2024. Conditional contributions receivable, if any, are not included as support until the conditions are substantially met.

LEASE RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Organization elected the practical expedient to not separate lease and non-lease components for real estate leases. As of March 31, 2025 and 2024, all leases were short-term in nature and rent expense amounted to \$91,919 and \$50,061, respectively, which is reported as a component of rent and utilities in the consolidated statements of functional expenses.

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 or, if donated at the approximate fair value on the date of the donation, less accumulated depreciation. Depreciation of property and equipment is computed by the straight-line method over the respective asset's estimated useful life of seven years. Expenditures for repairs and maintenance are charged as expenses, and major renewals and betterments are capitalized.

NET ASSETS

The consolidated financial statements report amounts by class of net assets:

Net assets without donor restrictions are those which include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Organization to utilize funds in furtherance of its mission.

Net assets with donor restrictions carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Restrictions may expire either because certain actions are taken by the Organization which fulfill the restrictions or because of the passage of time. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

SUPPORT, REVENUE, AND RECLASSIFICATIONS

Contributions are recorded when made, which may be when cash is received, or when unconditional promises to give are made. The Organization records contributions as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Upon satisfaction of any donor imposed restrictions, net assets with donor restrictions are released and reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

Donated assets and services, if any, are recorded at their fair market value on the date of donation.

Interest and other income is recognized in the period earned.

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FOREIGN CURRENCY TRANSLATION

In consolidation, all assets and liabilities are translated at the current exchange rate as of the consolidated statements of financial position date, and revenue and expense amounts are translated at the average rate of exchange in effect during the year.

The resulting translation adjustments were as follows:

	March 31,	
	2025	2024
Cumulative translation adjustments, beginning of year	\$ (45,882)	\$ 332
Foreign currency translation adjustment	(101,391)	(46,214)
Cumulative translation adjustments, end of year	<u>\$ (147,273)</u>	<u>\$ (45,882)</u>

EXPENSES AND FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported in the period incurred. The costs of providing program services, management and general and fundraising activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. The Organization classifies expenses, which are not directly related to a specific program, as management and general or fundraising expenses. Accordingly, certain costs have been allocated among the functions benefited. These expenses include salaries, payroll taxes and employee benefits and rent and utilities costs. These expenses are generally allocated on a personnel time basis. The Organization incurred no advertising or joint costs for the years ended March 31, 2025 and 2024.

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2025 and 2024

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, within one year of the consolidated statements of financial position date.

	March 31,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 1,695,980	\$ 1,935,392
Contributions receivable	453,563	203,059
Financial assets, at year end	<u>2,149,543</u>	<u>2,138,451</u>
Less those unavailable for general expenditure within one year, due to:		
Restrictions by donors with time or purpose restrictions	<u>(626,310)</u>	<u>(629,210)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,523,233</u>	<u>\$ 1,509,241</u>

The Organization is substantially supported by contributions, some of which include donor restrictions. Those contributions with donor restrictions require resources to be used in a particular manner or in a future period. The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. 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 come due.

4. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consists of the following:

	March 31,	
	2025	2024
Due within one year	\$ 228,563	\$ 203,059
Due in one to five years	<u>225,000</u>	<u>-</u>
	<u>\$ 453,563</u>	<u>\$ 203,059</u>

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2025 and 2024

5. PROPERTY AND EQUIPMENT-NET:

Property and equipment, net, consists of the following:

	March 31,	
	2025	2024
Furniture and equipment	\$ 8,539	\$ 8,539
Less: accumulated depreciation	(7,747)	(4,629)
	<u>\$ 792</u>	<u>\$ 3,910</u>

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	March 31,	
	2025	2024
Time restricted - contributions receivable	\$ 450,000	\$ 200,000
Spiritual formation	7,791	8,021
Restricted for activities in Lira, Soroti, Arua, Kampala, Mubende, Tororo	<u>168,519</u>	<u>421,189</u>
	<u>\$ 626,310</u>	<u>\$ 629,210</u>

7. DONOR CONCENTRATION:

The Organization received approximately 48% and 43% of its total support and revenue from the top five donors during the years ended March 31, 2025 and 2024, respectively.

8. RELATED PARTY TRANSACTIONS:

The Organization received contributions from board members totaling approximately \$150,000 and \$95,000 during the years ended March 31, 2025 and 2024, respectively.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 25, 2025, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.