

REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditors' Report

March 31, 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 statement of financial position as of March 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

We did not audit the financial statements of Redeem International in Uganda (an international NGO of Uganda), a wholly-owned subsidiary, which statements reflect total assets of \$189,741 as of March 31, 2024, and total revenues of \$1,993,069 for the year then ended. 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, 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, 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, prior to these conversion adjustments, is based solely on the report of the other auditors.

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

Board of Directors
Redeem International and Subsidiary
Merrifield, Virginia

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
- 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.

Capin Crouse LLP

New York, New York
September 13, 2024

REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Statement of Financial Position

March 31, 2024

ASSETS:

Cash and cash equivalents	\$ 1,935,392
Contributions receivable	203,059
Prepaid expenses	32,039
Property and equipment-net	<u>3,910</u>

Total Assets	<u><u>\$ 2,174,400</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$ 39,829
Accrued expenses	<u>63,786</u>

Total liabilities	<u>103,615</u>
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Net assets:

Without donor restrictions	1,441,575
With donor restrictions	<u>629,210</u>

Total net assets	<u>2,070,785</u>
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Total Liabilities and Net Assets	<u><u>\$ 2,174,400</u></u>
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See notes to consolidated financial statements

REDEEM INTERNATIONAL AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended March 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUE AND AND RECLASSIFICATIONS:			
Contributions	\$ 1,990,967	\$ 1,241,002	\$ 3,231,969
Interest income	69,698	-	69,698
Currency translation adjustment	(46,214)	-	(46,214)
Net assets released from restrictions	931,036	(931,036)	-
Total Support, Revenue, and Reclassifications	<u>2,945,487</u>	<u>309,966</u>	<u>3,255,453</u>
EXPENSES:			
Program	2,339,743	-	2,339,743
Management and general	264,823	-	264,823
Fundraising	475,599	-	475,599
Total Expenses	<u>3,080,165</u>	<u>-</u>	<u>3,080,165</u>
Change in Net Assets	(134,678)	309,966	175,288
Net Assets, Beginning of Year	<u>1,576,253</u>	<u>319,244</u>	<u>1,895,497</u>
Net Assets, End of Year	<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, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
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
Occupancy	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 Statement of Cash Flows

Year Ended March 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 175,288
Adjustments to reconcile change in net assets to net cash provided (used) for operating activities	
Depreciation	1,783
Changes in:	
Contributions receivable	101,435
Prepaid expenses	2,077
Accounts payable and accrued expenses	17,738
Net Cash Provided by Operating Activities	<u>298,321</u>
Change in Cash and Cash Equivalents	298,321
Cash and Cash Equivalents, Beginning of Year	<u>1,637,071</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,935,392</u></u>

See notes to consolidated financial statements

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2024

1. NATURE OF ORGANIZATION:

Redeem International (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.

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 is primarily supported by contributions.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

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.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Organization include the financial statements of Redeem International in Uganda (an international NGO of Uganda). All significant intercompany transactions have been eliminated. Redeem International in Uganda (an international NGO of Uganda) was created in May 2021 and is registered in Uganda and is an International NGO, and was created to aid in fulfilling the Organization's mission in Uganda. The consolidated organizations are referred to as "the Organization" throughout the remainder of the notes.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of the Organization, outside of the United States, which are denominated in Ugandan Shilling, are translated into U.S. dollars at the exchange rate in effect at the end of the year. Revenue and expenses are translated into U.S. dollars at the exchange rates in effect at the end of the year. Unrealized gains or losses on such translations are included in the currency translation adjustment reported in support and revenue.

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. The Organization's bank accounts are federally insured up to \$250,000 for each organization at each bank. From time to time, these accounts exceed federally insured limits. The Organization's cash balances did not exceed federally insured limits as of March 31, 2024. As of March 31, 2024, the Organization had no restricted cash.

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 pledges in future years, are computed using risk adjusted interest rates applicable to the years in which the promises are received. No discount has been recorded as of March 31, 2024, as amounts are expected to be collected within one year. 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. Conditional contributions receivable, if any, are not included as support until the conditions are substantially met.

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 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.

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND RECLASSIFICATIONS

Contributions are recorded when made, which may be when cash is received, or when unconditional promises are made. The Organization records contributions as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donated assets and services, if any, are recorded at their fair market value on the date of donation. Interest income is recognized in the period earned.

EXPENSES AND FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported in the period incurred. The costs of providing the various program services and other activities have been summarized on a functional basis in the consolidated statement of activities. The Organization classifies expenses, which are not directly related to a specific program, as management and general expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses include salaries, benefits, and payroll taxes and occupancy costs. These expenses are generally allocated on a personnel time basis. The Organization incurred no joint costs for the year ended March 31, 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 statement of financial position date. Liquidity is as follows at March 31, 2024:

Financial assets:	
Cash and cash equivalents	\$ 1,935,392
Pledges receivable	203,059
Financial assets, at year end	<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>(629,210)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,509,241</u>

The Organization is substantially supported by contributions on an unrestricted basis, however from time to time receives contributions on a restricted basis. 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.

REDEEM INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2024

4. PROPERTY AND EQUIPMENT-NET:

Property and equipment, net consists of the following at March 31, 2024:

Furniture and equipment	\$	8,539
Less: accumulated depreciation		<u>(4,629)</u>
	\$	<u><u>3,910</u></u>

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following at March 31, 2024:

Time restricted	\$	200,000
Spiritual formation		8,021
Restricted for activities in Gulu, Lira, Soroti, Arua, Kampala, Hoima		<u>421,189</u>
	\$	<u><u>629,210</u></u>

6. DONOR CONCENTRATION:

During the year ended March 31, 2024, the Organization received approximately 43% of its total support and revenue from the top 5 donors.

7. RELATED PARTY TRANSACTIONS:

During the year ended March 31, 2024, the Organization received contributions from board members totaling approximately \$95,000.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 13, 2024, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.