

Orphans in Need USA, Inc.
Financial Statements
December 31, 2022

Orphans in Need USA, Inc.

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Kelly & Company LLC
Certified Public Accountants
1934 Old Gallows Road
Tysons Corner, VA 22182

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Orphans in Need USA, Inc.
McLean, Virginia

Opinion

We have audited the accompanying financial statements of Orphans in Need USA, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, 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 Orphans in Need USA, Inc. as of December 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. 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 Orphans in Need USA, Inc. 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 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 Orphans in Need USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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 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 Orphan in Need USA, Inc.'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 Orphan in Need USA, Inc.'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.

Kelly and Company, LLC

Tysons Corner, Virginia
August 29, 2023

Orphans in Need USA, Inc.
Statement of Financial Position
As of December 31, 2022

Assets	
Current assets	
Cash & cash equivalents	\$ 1,007,521
Pledge receivable	12,032
Total current assets	<u>1,019,553</u>
Total Assets	<u>\$ 1,019,553</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable & accrued liabilities	<u>\$ 72,156</u>
Total liabilities	<u>72,156</u>
Net Assets	
Without donor restrictions	184,330
With donor restrictions	763,067
Total net assets	<u>947,397</u>
Total Liabilities & Net Assets	<u>\$ 1,019,553</u>

Orphans in Need USA, Inc.
Statement of Activities and Changes in Net Assets
For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Direct public support	\$ 1,061,400	\$ 2,011,155	\$ 3,072,555
Institution business grants	-	653,270	653,270
Other revenue	465	-	465.00
Net assets released from restrictions			
Satisfaction of program restrictions	1,308,861	(1,308,861)	-
Satisfaction of grant restrictions	592,497	(592,497)	-
Total net assets released from donor restrictions	<u>1,901,358</u>	<u>(1,901,358)</u>	<u>-</u>
Total revenue	<u>2,963,223</u>	<u>763,067</u>	<u>3,726,290</u>
Expenses			
Education program	732	-	732
Emergency program	349,361	-	349,361
Food Aid program	326,705	-	326,705
Health Care program	1,009,335	-	1,009,335
Orphan and widows program	362,141	-	362,141
Qurbani program	129,950	-	129,950
Religious program	200,472	-	200,472
Management and general	315,326	-	315,326
Fundraising expense	277,170	-	277,170
Total expenses	<u>2,971,192</u>	<u>-</u>	<u>2,971,192</u>
Change in net assets	<u>(7,969)</u>	<u>763,067</u>	<u>755,098</u>
Net assets beginning of year	<u>192,299</u>	<u>-</u>	<u>192,299</u>
Net assets end of year	<u>\$ 184,330</u>	<u>\$ 763,067</u>	<u>\$ 947,397</u>

Orphans in Need USA, Inc.
Statement of Functional Expenses
For the year ended December 31, 2022

	Education	Emergency	Food Aid	Health Care	Orphan and Widows	Qurbani
Gift In Kind	\$ -	\$ -	\$ -	\$ 1,009,335	\$ -	\$ -
Grants & Contributions		253,395	212,750		187,506	90,643
Advertising & Marketing	363	47,597	56,116		86,601	19,495
Salaries & Wages	108	14,188	16,728		25,815	5,811
Printing & Publication	100	13,097	15,441		23,829	5,365
Honorariums	100	13,097	15,441		23,829	5,365
Handling & Shipping						
Postage & Mailing	61	7,987	9,417		14,533	3,271
Consultant						
Employees Benefit						
Merchant & CC Fees			812		28	
Lease						
Travel						
Payroll taxes						
Staff Development						
Payroll Processing Fees						
Registration Fee						
Software Website & Technology						
Subscriptions & Dues						
Audit Fee						
Supplies & Equipment						
Insurance						
Bank Service Charge						
Telephone & telecommunications						
	<u>\$ 732</u>	<u>\$ 349,361</u>	<u>\$ 326,705</u>	<u>\$ 1,009,335</u>	<u>\$ 362,141</u>	<u>\$ 129,950</u>

Orphans in Need USA, Inc.
Statement of Functional Expenses - continued
For the year ended December 31, 2022

	Religious	Total Program services	Management and general	Fundraising Expense	Total
Gift In Kind	\$ -	\$ 1,009,335	\$ -	\$ -	\$ 1,009,335
Grants & Contributions	120,092	864,386			864,386
Advertising & Marketing	7,881	218,053		125,422	343,475
Salaries & Wages	2,349	64,999	111,942	31,225	208,166
Printing & Publication	2,169	60,001		45,184	105,185
Honorariums	2,169	60,001		41,249	101,250
Handling & Shipping	64,490	64,490			64,490
Postage & Mailing	1,322	36,591		11,234	47,825
Consultant			36,741		36,741
Employees Benefit			30,852	5,444	36,296
Merchant & CC Fees		840	31,070		31,910
Lease			30,958		30,958
Travel			16,720		16,720
Payroll taxes			14,147	2,497	16,644
Staff Development				13,197	13,197
Payroll Processing Fees			9,736	1,718	11,454
Registration Fee			11,054		11,054
Software Website & Technology			9,371		9,371
Subscriptions & Dues			4,242		4,242
Audit Fee			3,700		3,700
Supplies & Equipment			2,924		2,924
Insurance			1,201		1,201
Bank Service Charge			465		465
Telephone & telecommunications			203		203
	<u>\$ 200,472</u>	<u>\$ 2,378,696</u>	<u>\$ 315,326</u>	<u>\$ 277,170</u>	<u>\$ 2,971,192</u>

Orphans in Need USA, Inc.
Statement of Cash Flows
For the year ended December 31, 2022

Cash flows from operating activities	
Change in net assets	\$ 755,098
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Pledge receivable	(12,032)
Accounts payable & accrued liabilities	69,678
Net cash provided by operating activities	<u>812,744</u>
Net increase in cash	<u>812,744</u>
Cash at beginning of year	<u>194,777</u>
Cash at end of year	<u>\$ 1,007,521</u>
Supplemental financial information:	
Interest paid during year	\$ -
Income taxes paid	\$ -

Orphans in Need USA, Inc.

Notes to Financial Statements

Note 1. Organization and nature of activities

Orphans in Need USA, Inc. (“the Organization”) was launched in 2021 as U.S based 501(c3) charity, inspired by the Orphans in Need UK family (“OIN”). The OIN family has grown to 14 countries, and we are dedicated to providing long-term, consistent support to orphan children and their families in need. Our teams are here to ensure the children in our care will grow and develop in their confidence over time.

Orphans in Need USA, Inc. is a partner of the Global Orphans in Need brand which, supports and cares for over 30,000 orphans and their families in 14 countries — including Somalia, Mali, Pakistan, Bangladesh, Sierra Leone, Sri Lanka, and Afghanistan. Our teams are working in the areas worst affected by poverty, offering regular food parcels, funding access to education, essential medical care, and supportive and caring homes for orphans through our Orphans Village project and Global Orphan Care.

As one of the first charities in the world dedicated to caring for orphans and providing child sponsorship, our work has made a difference to young lives that may have been lost.

The organization work with some of the poorest countries in the world and provide for the innocent lives caught up in conflicts that bring war and fear to their hometowns.

Note 2. Summary of significant accounting policies

Basis of accounting and presentation: Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (FASB ASC 958) Financial Statements of Nonprofit Organizations. Under FASB ASC 958, the Organization is required to present net assets and revenues, expenses, gains, and losses classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes there in are classified and reported as follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions - net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Orphans in Need USA, Inc.
Notes to Financial Statements

Note 2. Summary of significant accounting policies – continued

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash and cash equivalents: All highly liquid investments, excluding amounts included in investments, with a maturity of less than 90 days at the date of acquisition are considered cash equivalents.

Promises to Give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. 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.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance of receivable has been recognized as of December 31, 2022.

Contributions: Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Contributed Services: The Organization receives a substantial amount of services donated by its members in carrying out the center's ministry. These services are not reflected in the financial statements of the organization, because they do not meet the criteria for recognition under ASC 958-10, "Not-for-Profit Entities."

Use of estimates: The Organization prepares its financial statements in conformity with accounting principles general accepted in the United States of America, which requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Income taxes: The Organization is exempt from income taxes as a non-profit organization under section 501(c)(6) of the Internal Revenue Code, except for unrelated business income taxes.

Concentration of credit risk: The Organization maintains its cash in bank accounts which at times, may exceed federally insured limits. The Organization had not experiences any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash balances.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Orphans in Need USA, Inc.
Notes to Financial Statements

Note 3. Net asset with donor restrictions

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purposes:

Education program	\$ 2,026
Emergency program	11,758
Food Aid program	159,576
Orphan and widows program	295,199
Qurbani program	18,333
Religious program	215,402
General and fundraising expenses	60,773
	<u>\$ 763,067</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors.

Purpose restrictions accomplished:

Education program	\$ 732
Emergency program	349,360
Food Aid program	266,205
Orphan and widows program	362,142
Qurbani program	129,950
Religious program	200,472
General and fundraising expenses	592,497
Total restrictions released	<u>\$ 1,901,358</u>

Note 4. Availability and liquidity

The following represents the Organization's financial assets at December 31, 2022:

Financial assets at year end:

Cash & cash equivalents	\$ 1,007,521
Pledge receivable	12,032
Total financial assets	<u>1,019,553</u>

Less those unavailable for general expenditures within one year, due to

Donor-imposed restrictions for program purposes	<u>(763,067)</u>
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Financial assets available to meet general expenditures over the next twelve months

<u>\$ 256,486</u>

Orphans in Need USA, Inc.
Notes to Financial Statements

Note 5. Related party transactions

The Organization is a partner of the Global Orphans in need brand which, supports and cares for over 30,000 orphans and their families in 14 countries — including Somalia, Mali, Pakistan, Bangladesh, Sierra Leone, Sri Lanka, and Afghanistan.

The Organization received a grant of \$653,270 from OINUK to organize the sister entity in the US, lease office space, advertising and marketing, and to create a web presence. For 2022, the Organization incurred advertising and marketing, fundraising and general and management expenses for the amounts of \$592,497, related to the grant received.

Note 6. Subsequent events

The management of the Organization has analyzed subsequent events through August 29, 2023, the date on which the financial statements were available to be issued. No events have occurred since the balance sheet date that would have a material impact on the financial statements.