

Orphans in Need USA, Inc.
Financial Statements
December 31, 2023

Orphans in Need USA, Inc.

Table of Contents	Page
Independent Auditor's Report on the Financial Statements.....	1-2
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses.....	5-6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8-11

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, 2023, 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, 2023, 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 19, 2024

Orphans in Need USA, Inc.
Statement of Financial Position
As of December 31, 2023

Assets	
Current assets	
Cash & cash equivalents	\$ 1,592,430
Pledge receivable	69,569
Donated stock	1,092
Total current assets	<u>1,663,091</u>
Total Assets	<u>\$ 1,663,091</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable & accrued liabilities	<u>\$ 419,789</u>
Total liabilities	<u>419,789</u>
Net Assets	
Without donor restrictions	105,957
With donor restrictions	1,137,345
Total net assets	<u>1,243,302</u>
Total Liabilities & Net Assets	<u>\$ 1,663,091</u>

Orphans in Need USA, Inc.
Statement of Activities and Changes in Net Assets
For the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Direct public support	\$ 2,274,277	\$ 3,679,735	\$ 5,954,012
Institution business grants		150,150	150,150
Net assets released from restrictions			
Satisfaction of program restrictions	3,244,684	(3,244,684)	-
Satisfaction of grant restrictions	210,923	(210,923)	-
Total net assets released from donor restrictions	<u>3,455,607</u>	<u>(3,455,607)</u>	<u>-</u>
Total revenue	<u>5,729,884</u>	<u>374,278</u>	<u>6,104,162</u>
Expenses			
Education program	969	-	969
Emergency program	1,170,120	-	1,170,120
Food Aid program	479,398	-	479,398
Health Care program	2,030,737	-	2,030,737
Orphan and widows program	865,833	-	865,833
Qurbani program	161,904	-	161,904
Religious program	716,610	-	716,610
Management and general	232,247	-	232,247
Fundraising expense	150,439	-	150,439
Total expenses	<u>5,808,257</u>	<u>-</u>	<u>5,808,257</u>
Change in net assets	<u>(78,373)</u>	<u>374,278</u>	<u>295,905</u>
Net assets beginning of year	<u>184,330</u>	<u>763,067</u>	<u>947,397</u>
Net assets end of year	<u>\$ 105,957</u>	<u>\$ 1,137,345</u>	<u>\$ 1,243,302</u>

Orphans in Need USA, Inc.
Statement of Functional Expenses
For the year ended December 31, 2023

	Education	Emergency	Food Aid	Health Care	Orphan and Widows	Qurbani
Gift In Kind	\$ -	\$ 811,443	\$ -	\$ 2,030,737	\$ -	\$ -
Grants & Contributions		226,996	329,963		574,958	109,860
Advertising & Marketing	371	53,064	57,260		88,401	19,942
Handling & Shipping	134	17,490	20,622		94,562	7,182
Salaries & Wages	74	9,675	11,408		17,612	3,973
Postage & Mailing	140	18,314	21,593		33,337	7,520
Merchant & CC Fees	70	9,562	10,758		14,050	3,747
Consultant	57	7,510	8,854		13,670	3,084
Honorariums	40	5,184	6,112		9,436	2,129
Employees Benefit	31	4,126	4,865		7,511	1,694
Lease	15	1,908	2,250		3,473	783
Software Website & Technology	14	1,770	2,087		3,223	727
Payroll taxes	3	329	388		599	135
Audit Fee	9	1,130	1,332		2,057	464
Payroll Processing Fees	1	113	133		205	46
Travel	3	364	429		662	149
Printing & Publication	2	306	361		557	126
Supplies & Equipment	2	199	234		362	82
Insurance	1	176	207		320	72
Bank Service Charge	1	173	204		315	71
Subscriptions & Dues	1	156	184		285	64
Other expenses		60	70		108	25
Telephone & telecommunications		42	49		76	17
Registration Fee		30	35		54	12
	<u>\$ 969</u>	<u>\$ 1,170,120</u>	<u>\$ 479,398</u>	<u>\$ 2,030,737</u>	<u>\$ 865,833</u>	<u>\$ 161,904</u>

Orphans in Need USA, Inc.
Statement of Functional Expenses - continued
For the year ended December 31, 2023

	Religious	Total Program services	Management and general	Fundraising Expense	Total
Gift In Kind	\$ -	\$ 2,842,180	\$ -	\$ -	\$ 2,842,180
Grants & Contributions	570,652	1,812,429			1,812,429
Advertising & Marketing	55,928	274,966		105,418	380,384
Handling & Shipping	20,142	160,132	34,184		194,316
Salaries & Wages	11,142	53,884	125,520		179,404
Postage & Mailing	21,091	101,995		34,890	136,885
Merchant & CC Fees	10,508	48,695	17,833		66,528
Consultant	8,648	41,823	14,677		56,500
Honorariums	5,970	28,871		10,131	39,002
Employees Benefit	4,752	22,979	12,698		35,677
Lease	2,197	10,626	3,729		14,355
Software Website & Technology	2,039	9,860	3,460		13,320
Payroll taxes	379	1,833	9,330		11,163
Audit Fee	1,301	6,293	2,207		8,500
Payroll Processing Fees	130	628	6,099		6,727
Travel	419	2,026	711		2,737
Printing & Publication	353	1,705			1,705
Supplies & Equipment	228	1,107	389		1,496
Insurance	202	978	343		1,321
Bank Service Charge	199	963	338		1,301
Subscriptions & Dues	180	870	306		1,176
Other expenses	68	331	283		614
Telephone & telecommunications	48	232	82		314
Registration Fee	34	165	58		223
	<u>\$ 716,610</u>	<u>\$ 5,425,571</u>	<u>\$ 232,247</u>	<u>\$ 150,439</u>	<u>\$ 5,808,257</u>

Orphans in Need USA, Inc.
Statement of Cash Flows
For the year ended December 31, 2023

Cash flows from operating activities	
Change in net assets	\$ 295,905
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Pledge receivable	(57,537)
Donated stock	(1,092)
Accounts payable & accrued liabilities	347,633
Net cash provided by operating activities	<u>584,909</u>
Net increase in cash	<u>584,909</u>
Cash at beginning of year	<u>1,007,521</u>
Cash at end of year	<u><u>\$ 1,592,430</u></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 and Sri Lanka. 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, 2023.

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.

Orphans in Need USA, Inc.
Notes to Financial Statements

Note 2. Summary of significant accounting policies – continued

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.

Cost Allocation: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Note 3. Net asset with donor restrictions

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

Purpose restrictions accomplished:

Emergency program	\$ 1,170,120
Orphan and widows program	865,833
Religious program	716,610
Food Aid program	479,398
Qurbani program	161,904
General and fundraising expenses	60,773
Education program	969
Total restrictions released	<u>\$ 3,455,607</u>

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

Subject to expenditure for specified purposes:

Emergency program	\$ 574,653
Religious program	140,652
Orphan and widows program	290,021
Food Aid program	76,767
Qurbani program	47,798
Education program	7,344
Livelihood	110
	<u>\$ 1,137,345</u>

Orphans in Need USA, Inc.
Notes to Financial Statements

Note 4. Availability and liquidity

The following represents the Organization's financial assets at December 31, 2023:

Financial assets at year end:

Cash & cash equivalents	\$ 1,592,430
Pledge receivable	69,569
Donated stock	<u>1,092</u>
Total financial assets	<u>1,663,091</u>

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

Donor-imposed restrictions for program purposes	(1,137,345)
Donor-imposed restrictions for payment of grant payable	<u>(414,723)</u>

Financial assets available to meet general
expenditures over the next twelve months

\$ 111,023

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 in 2022 from OINUK to organize the sister entity in the US, lease office space, advertising and marketing, and to create a web presence. For 2023, the Organization incurred advertising and marketing, fundraising and general and management expenses for the amounts of \$60,773, related to the grant received.

Note 6. Subsequent events

The management of the Organization has analyzed subsequent events through August 19, 2024, 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.