

Vietnam Health, Education and Literature Projects

**Financial Statements and Independent Auditor's Report
For the Year Ended December 31, 2016 and 2015**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6



KAREN A. HAHN, CPA, CVA

CERTIFIED PUBLIC ACCOUNTANT, CERTIFIED VALUATION ANALYST

500 EAST CALAVERAS BLVD. SUITE 333, MILPITAS, CA 95035

OFFICE: 408.263.8888 FAX: 408.263.8808 WWW.KHAHNCPA.COM

Independent Auditor's Report

To the Board of Directors
Vietnam Health, Education and Literature Projects
Milpitas, CA

I have audited the accompanying statements of Vietnam Health, Education and Literature Projects (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statement of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, where due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vietnam Health, Education and Literature Projects, as of December 31, 2016 and 2015, 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.

Karen A. Hahn
Certified Public Accountant

Milpitas, California
November 12, 2017

Vietnam Health, Education & Literature Projects
Statement of Financial Position
December 31, 2016 and 2015

	12/31/16	12/31/15
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$972,888	\$626,275
Total Current Assets	<u>972,888</u>	<u>626,275</u>
Fixed Assets	55,808	55,808
Less Accumulated Depreciation	<u>(26,371)</u>	<u>(24,735)</u>
Net Fixed Assets	<u>29,437</u>	<u>31,073</u>
 TOTAL ASSETS	 <u>\$ 1,002,325</u>	 <u>\$ 657,348</u>
 LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$101	\$0
Total Current Liabilities	<u>101</u>	<u>0</u>
Without Donor Restrictions	592,223	657,348
Donor Advised Funds	<u>410,000</u>	<u>0</u>
Total Without Donor Restrictions	<u>1,002,223</u>	<u>657,348</u>
 TOTAL LIABILITIES & FUND BALANCE	 <u>\$1,002,325</u>	 <u>\$657,348</u>

See accompanying notes and auditor's report

Vietnam Health, Education & Literature Projects
Statement of Activities
For the Years Ended December 31, 2016 and 2015

	<u>12/31/16</u>	<u>12/31/15</u>
PUBLIC SUPPORT AND REVENUES		
Contributions	\$873,559	\$502,855
Fundraising	290,376	261,394
Interest Income	1,597	1,405
Rental Revenue	(1,519)	5,532
In-Kind Goods	15,300	0
Total Public Support and Revenues	<u>1,179,313</u>	<u>771,186</u>
EXPENSES		
Program Expenses	629,570	720,180
Fundraising Expenses	125,098	113,283
General and Administration	47,815	38,696
Rental Property Expenses	16,655	1,100
In-Kind Goods	15,300	0
TOTAL EXPENSES	<u>834,438</u>	<u>873,259</u>
Change in Net Assets	344,875	(102,073)
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>657,348</u>	<u>759,421</u>
NET ASSETS AT THE END OF THE YEAR	<u><u>\$1,002,223</u></u>	<u><u>\$657,348</u></u>

See accompanying notes and auditor's report

Vietnam Health, Education & Literature Projects
Statements of Functional Expenses
For the Years Ended December 31, 2016 and 2015

	12/31/16	12/31/15
PROGRAM SERVICE EXPENSES		
Health		
Clinic	\$ 49,824	\$ 64,586
Cataract Surgery	54,043	11,778
Water	52,255	170,180
Total Health	<u>156,122</u>	<u>246,543</u>
Education		
Scholarship	186,826	172,524
School Building	55,393	105,846
Student Cafeteria	39,577	-
Total Education	<u>281,796</u>	<u>278,370</u>
Orphanage	106,837	89,817
Microloan	25,623	-
Other Programs	59,192	105,450
TOTAL PROGRAM SERVICES	<u>629,570</u>	<u>720,180</u>
FUNDRAISING EXPENSES		
Grant Research & Development	41,424	43,406
Special Events	82,119	69,876
Other Fundraisings	1,555	-
TOTAL FUNDRAISING	<u>125,098</u>	<u>113,282</u>
GENERAL & ADMINISTRATION		
Rental Property Expenses	16,655	7,833
Rent	10,080	1,100
Other General & Administration	37,735	30,863
TOTAL GENERAL & ADMINISTRATION	<u>64,470</u>	<u>39,796</u>
TOTAL FUNCTIONAL EXPENSES	<u><u>\$ 819,138</u></u>	<u><u>\$ 873,258</u></u>

Vietnam Health, Education & Literature Projects
Statement of Cash Flows
For the Years Ended December 31, 2016 and 2015

	12/31/16	12/31/15
Cash Flow from Operating Activities		
Indirect Method:		
Change in Net Assets	\$344,875	(\$102,073)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,636	1,678
Decrease (Increase) in Pledge Receivable	0	33,919
(Decrease) Increase in Accrued Wages	0	(1,529)
(Decrease) Increase in Accounts Payable	101	0
Total Adjustments	<u>1,737</u>	<u>34,069</u>
Total Cash Provided by Operations	346,613	(68,004)
BEGINNING CASH	<u>626,275</u>	<u>694,279</u>
ENDING CASH	<u><u>\$972,888</u></u>	<u><u>\$626,275</u></u>

See accompanying notes and auditor's report

Viet Nam Health, Education and Literature Projects
Notes to Financial Statements
December 31, 2016 and 2015

1. Organization and Summary of Significant Accounting Policies

(a) Organization and Nature of Activities

The Viet Nam Health, Education and Literature Projects (VN Help) was founded in April 28, 1992 in the State of California, and became an independent not-for-profit organization. VN Help's main purpose is to engage in activities that assist children, families, and communities in Viet Nam and the United States.

Description of Program and Supporting Services

1. Health Programs

Health Clinics

VN Help sponsors health clinics in Nam Dinh, Ha Nam and Dong Nai cities. These clinics serve between 70-400 patients a day. Services include medical examinations, eye examinations, care for malnourished children, maternal care and delivery.

Vision for the Poor

This program teams up with well-qualified foreign and Vietnamese doctors to perform free surgeries and post-op care for cataract patients.

Clean Water

VN Help builds water filtration plants and installs pipelines to connect people from rural areas to clean water sources.

2. Sponsor a Child

Together with local partners at six orphanages, VN Help strives to create a warm and welcoming environment where street children and orphans can find comfort and flourish mentally and physically.

3. Education Programs

VN Help's on-going school construction projects build primary and kindergarten schools in impoverished communities. Other programs include scholarship programs and vocational programs.

4. Other Programs

Other programs include microloans and cafeteria for low income students.

Viet Nam Health, Education and Literature Projects
Notes to Financial Statements
December 31, 2016 and 2015

(a) Basis of Presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets pursuant to Statement of Financial Accounting Standards Codification 958, *Financial Statements of Not-for-Profit Organization*. VN Help is also required to present a statement of cash flows. There were no permanently restricted net assets at December 31, 2016 and 2015.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

(c) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as demand deposits at banks and certificates of deposit with purchased initial maturities of less than ninety days.

ACCOUNT		
<u>Unrestricted</u>	<u>12/31/16</u>	<u>12/31/15</u>
PayPal	\$ 7,693	\$ 3,893
Citibank MMA	836,114	495,301
Citibank Schwab	84,583	72,777
Citibank Checking	<u>44,498</u>	<u>54,304</u>
TOTAL	<u>\$972,888</u>	<u>\$ 626,275</u>

2. Summary of Significant Accounting Policies

(a) 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Viet Nam Health, Education and Literature Projects
Notes to Financial Statements
December 31, 2016 and 2015

(b) Contributed Services

During the year ended December 31, 2016 and December 31, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 900 volunteer hours per year.

(c) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Details of property and equipment are as follows:

	<u>12/31/16</u>	<u>12/31/15</u>
Office Equipment	\$1,048	\$ 1,048
Residential Rental Property (6419 Soledad, Houston, TX)	50,500	50,500
Leasehold Improvement	4,260	4,260
Less Accumulated Depreciation	<u>(26,371)</u>	<u>(24,735)</u>
Net Assets	<u>\$29,437</u>	<u>\$31,073</u>

(e) Functional Allocation of Expenses

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of VN Help.

See Auditor's Report

Viet Nam Health, Education and Literature Projects
Notes to Financial Statements
December 31, 2016 and 2015

(h) Revenue Recognition

Revenues are recorded when earned. Contributions are recognized as support when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Temporarily restricted contributions expended in the year of receipt are reflected as unrestricted.

(i) Donated Services

Contributions of donated assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

(j) Fair Value of Financial Instruments

VN Help's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are stated at cost as the carrying amounts approximated fair value due to their short maturities.

(k) Advertising Costs

There were no advertising expenses in the years ended December 31, 2016 and December 31, 2015.

(l) Allowance for Doubtful Accounts

An allowance for doubtful accounts has not been recorded, as it is management's opinion that losses, if any, would not be material to the financial statements. Account receivables are written off when they are determined to be uncollectible.

(m) Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Viet Nam Health, Education and Literature Projects
Notes to Financial Statements
December 31, 2016 and 2015

(n) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

(o) Grants

The Organization received grants to fund programmatic and operational costs as follows:

Clean Water:	50,000
School Furniture:	<u>19,640</u>
Total	<u>\$ 69,640</u>

(p) Donor Advised funds

The Organization accepts Donor Advise Funds that enable the fund's donor to identify funding opportunities aligned with their values and charitable interests. Donor advised funds allow donors to recommend grant recipients, subject to the Organization's due diligence and approval. Collectively, these funds granted approximately \$410,000 and \$0 to charitable organizations during the years ended December 31, 2016 and 2015, respectively.

(q) Income Taxes

VN Help is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and under California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for such taxes in the accompanying financial statements.

VN Help has been classified as an organization that is not a Private Foundation under Section 509(a)(1) and has been designated as a "publicly supported" organization under Section 170(b)(1)(A)(vi) of the Code.

VN Help assesses its accounting for uncertainties in income taxes recognized in its financial statements and prescribes a threshold of more likely-than-not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. There was no material impact on the organization's financial statements as a result of the adoption of this policy.

(r) Statement of Cash Flow Information

For purposes of the Statement of Cash Flows, the Organization considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Viet Nam Health, Education and Literature Projects
Notes to Financial Statements
December 31, 2016 and 2015

3. Accumulated Vacation and Sick Leave

Accumulated unpaid vacation benefits are recognized as liabilities of VN Help. There was no accrued vacation benefits at December 31, 2016 and December 31, 2015.

4. Commitments and Contingencies

Credit Risk

VN Help maintains its cash balances at financial institutions in the United States. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC). Funds in Citibusiness exceeded FDIC limits by \$586,114 as of December 31, 2016 and \$245,301 as of December 31, 2015.

Risk Management

VN Help is exposed to various risks of loss related to torts; theft, damage and destruction of assets; business interruption; errors and omissions; job related illnesses or injuries to employees; and natural disasters, for which it carries commercial insurance at levels considered by management to be appropriate. Risk retention is substantially confined to customarily nominal policy deductibles, with the exception of higher deductible limits for directors' and officers' liability. Resulting risk management liabilities, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There were no claims for the years ended December 31, 2016 and 2015.

5. Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 12, 2017, the date that the financial statements were available to be issued.