

HAGAR USA, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

HAGAR USA, INC.

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Hagar USA, Inc.
Columbus, Ohio

Opinion

We have audited the accompanying financial statements of Hagar USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Hagar USA, Inc. as of December 31, 2023 and 2022, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hagar USA, Inc. 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 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 Hagar 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

**INDEPENDENT AUDITOR'S REPORT
(Continued)**

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 Hagar 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 Hagar 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.

Wells, CPA

Columbus, Ohio

May 7, 2024

HAGAR USA, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
ASSETS						
Current Assets						
Cash	\$ 60,898	\$ 118,104	\$ 179,002	\$ 33,472	\$ 17,370	\$ 50,842
Contributions Receivable	2,498	-	2,498	2,497	-	2,497
Total Current Assets	63,396	118,104	181,500	35,969	17,370	53,339
TOTAL ASSETS	\$ 63,396	\$ 118,104	\$ 181,500	\$ 35,969	\$ 17,370	\$ 53,339
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts Payable	\$ 791	\$ -	\$ 791	\$ 6,578	\$ -	\$ 6,578
Total Current Liabilities	791	-	791	6,578	-	6,578
TOTAL LIABILITIES	791	-	791	6,578	-	6,578
NET ASSETS						
Net Assets	62,605	118,104	180,709	29,391	17,370	46,761
TOTAL NET ASSETS	62,605	118,104	180,709	29,391	17,370	46,761
TOTAL LIABILITIES AND NET ASSETS	\$ 63,396	\$ 118,104	\$ 181,500	\$ 35,969	\$ 17,370	\$ 53,339

See Accompanying Notes to the Financial Statements

HAGAR USA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT						
Individuals, Foundations, Corporations, Churches	\$ 277,520	\$ 377,453	\$ 654,973	\$ 179,995	\$ 296,860	\$ 476,855
Other Income	476	-	476	-	-	-
Interest Income	3	-	3	2	-	2
Net Assets Released from Restriction	276,719	(276,719)	-	284,319	(284,319)	-
TOTAL REVENUE AND SUPPORT	554,718	100,734	655,452	464,316	12,541	476,857
EXPENSES						
Human Rights Protections, Recovery, and Education	347,609	-	347,609	417,415	-	417,415
Management and General	131,903	-	131,903	62,590	-	62,590
Fundraising	41,992	-	41,992	75,123	-	75,123
TOTAL EXPENSES	521,504	-	521,504	555,128	-	555,128
Change in Net Assets	33,214	100,734	133,948	(90,812)	12,541	(78,271)
Net Assets at Beginning of Year	29,391	17,370	46,761	120,203	4,829	125,032
Net Assets at End of Year	\$ 62,605	\$ 118,104	\$ 180,709	\$ 29,391	\$ 17,370	\$ 46,761

See Accompanying Notes to the Financial Statements

HAGAR USA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Human Rights Protection, Recovery, and Education	Management and General	Fundraising	Total	Human Rights Protection, Recovery, and Education	Management and General	Fundraising	Total
EXPENSES								
Program Transfers	\$ 295,207	\$ -	\$ -	\$ 295,207	\$ 376,269	\$ -	\$ -	\$ 376,269
Personnel	42,704	41,569	23,867	108,140	35,762	15,327	51,088	102,177
Marketing and Advertising	1,046	1,018	584	2,648	149	64	214	427
Office Expense	-	3,154	11,831	14,985	7	1,963	14,967	16,937
Professional Services	-	77,740	875	78,615	-	42,995	1,388	44,383
Information Technology	2,568	2,500	1,435	6,503	770	330	1,099	2,199
Insurance	491	478	274	1,243	261	112	372	745
Travel	5,593	5,444	3,126	14,163	4,111	1,762	5,872	11,745
Depreciation	-	-	-	-	86	37	123	246
TOTAL EXPENSES	\$ 347,609	\$ 131,903	\$ 41,992	\$ 521,504	\$ 417,415	\$ 62,590	\$ 75,123	\$ 555,128

See Accompanying Notes to the Financial Statements

HAGAR USA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ 133,948	\$ (78,271)
Depreciation Expense	-	246
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Changes in Assets and Liabilities:		
Accounts Receivable	(1)	23,000
Accounts Payable	(5,787)	5,878
Net Cash Provided by (Used in) Operating Activities	128,160	(49,147)
 Cash Flows from Investing Activities		
Net Cash Provided by Investing Activities	-	-
 Cash Flows from Financing Activities		
Net Cash Provided by Financing Activities	-	-
 Net Change in Cash With and Without Donor Restriction	128,160	(49,147)
 Cash With and Without Donor Restriction at Beginning of Year	50,842	99,989
 Cash With and Without Donor Restriction at End of Year	\$ 179,002	\$ 50,842

See Accompanying Notes to the Financial Statements

HAGAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION

Hagar USA, Inc. (“Hagar”) is a support office for the work of Hagar International, which is an internationally recognized Christian human rights organization with over 25 years of expertise providing protection and recovery to women and children who have been victims of severe abuse.

Hagar International is committed to the recovery and empowerment of women and children who are victims of human rights abuses, particularly human trafficking, sexual exploitation, and domestic violence. Its mission is to provide whatever it takes, for as long as it takes, to restore broken lives.

To accomplish this, Hagar provides long-term, holistic recovery services – including counseling, residential care, schooling, job skills training and supported work, individualized for each client – to address the complex needs of more than 1,200 women and children each year who have been victims of domestic violence, human trafficking, and other forms of human rights abuses.

Hagar’s programs are based in Cambodia (1994), Afghanistan (2008), Vietnam (2009), and Myanmar (2014), with support offices located in Singapore (1998), United States (2005), Australia (2006), New Zealand (2009), United Kingdom (2011), and Hong Kong (2012).

Hagar receives its funding from individuals, churches, corporations, foundations, and government grants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements of Hagar have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which require Hagar to report information regarding its financial position and activities according to the following net asset classifications:

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 Hagar's management and the Board of Directors.

HAGAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Hagar or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Revenue and Revenue Recognition

Hagar recognizes contributions in the period received or the period in which a pledge is received. All donor-restricted contributions are reported as increases in net assets with donor restrictions. Hagar considers donor restrictions to be fully met once substantially all the required performance stipulations have been achieved. Restrictions are released at the point that Hagar has determined that the performance stipulation has substantially been achieved.

Contributed Services

A substantial number of volunteers have donated significant amounts of their time to Hagar and its programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Contributions Receivable

Contributions receivables are stated at unpaid balances, less any necessary allowance for doubtful accounts. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of Hagar to collect the unpaid balance. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is Hagar's policy to charge off uncollectible receivables when management determines the receivable will not be collected. During the years ended December 31, 2023 and 2022, Hagar had no allowance for doubtful accounts or charge offs.

Income Taxes

Hagar is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Hagar follows FASB guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, Hagar may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Hagar, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. On December 31, 2023, there were no material

HAGAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

unrecognized tax benefits identified or recorded as liabilities.

Hagar files Form 990 in the U.S. federal jurisdiction and the state of Ohio. Hagar’s federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three (3) years after they are filed. All tax returns for years ending after December 31, 2020 are open for examination.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include Personnel, Marketing and Advertising, Information Technology, Insurance, Travel, and Depreciation. These indirect costs are allocated using time studies.

Restricted Cash

Restricted cash is limited in use to payments of donor restrictions as described in Note 3. One (1) of Hagar’s funders requires that their awarded funds be maintained in a separate bank account in order to track their use.

Subsequent Events

Generally accepted accounting principles define subsequent events as events or transactions that occur after the Statement of Financial Position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through May 7, 2024, the date on which the financial statements were available to be issued.

NOTE 3 – DONOR-RESTRICTED NET ASSETS

Net assets with donor restrictions consisted of the following for the years ending December 31:

	<u>2023</u>	<u>2022</u>
Hagar Myanmar	\$ 1,151	\$ 1,151
Hagar Afghanistan	100,592	-
Hagar Vietnam	16,361	16,219
Total	<u>\$ 118,104</u>	<u>\$ 17,370</u>

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Hagar is substantially supported by grants and contributions, including donor-restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, Hagar must maintain sufficient resources to meet those responsibilities to its donors. As part of Hagar’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. Hagar considers its cash and contributions receivable balances as reflected on the Statements of Financial

HAGAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

Position to be financial assets.

The following reflects Hagar’s financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditures within one year of the dates of the Statements of Financial Position because of donor-imposed restrictions:

	2023	2022
Financial assets at end of year	\$ 181,500	\$ 53,339
Less those unavailable for general expenditures		
Within one year:		
With Donor Restriction	(118,104)	(17,370)
Financial assets available to meet cash needs for		
General expenditures within one year	\$ 63,396	\$ 35,969

NOTE 5 – TRANSACTIONS WITH AFFILIATES

Hagar is affiliated with Hagar International and remits a portion of contributions collected annually. Total amounts paid to Hagar International for the years ended December 31, 2023 and 2022 were \$22,400 and \$30,937, respectively. These are included in Program Transfers in the Statements of Functional Expenses.