

U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION

Audited Financial Report

June 30, 2021

GRACE NEGGIE
CERTIFIED PUBLIC ACCOUNTANT



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION
Short Hills, NJ**

Report on the Financial Statements

We have audited the accompanying statements of financial position of U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION (a not-for-profit corporation) as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 our judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the organization'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 organization's internal control. Accordingly, we 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.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION as of June 30, 2021, 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.

Grace Njgie CPA

New York, New York
May 11, 2022

U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021

Assets	<u>June 30, 2021</u>
Cash and cash equivalents	\$126,105
Prepaid expense	23,034
Total assets	<u>\$149,139</u>
Liabilities and net assets	
Liabilities	
Accounts payable and accrued expenses	\$268,839
Total liabilities	<u>268,839</u>
Net assets	
Without donor restrictions	(\$119,700)
Total net assets	<u>(119,700)</u>
Total liabilities and net assets	<u>\$149,139</u>

See independent auditor's report

The accompanying notes are an integral part of these statements

U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION
 STATEMENTS OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	June 30, 2021 Total
Revenues and support		
Contributions	\$1,071,648	\$1,071,648
In kind contributions	1,557,466	1,557,466
Total revenues and other support	2,629,114	2,629,114
Expenses		
Program services	2,706,973	2,706,973
Management and general	35,915	35,915
Fundraising	5,926	5,926
Total expenses	2,748,814	2,748,814
Change in net assets	(119,700)	(119,700)
Net assets - beginning of year	0	0
Net assets - end of year	(\$119,700)	(\$119,700)

See independent auditor's report

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U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

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	Program services	Management and general	Fundraising	June 30, 2021 Total
Payroll expenses	\$4,187	\$6,980	\$2,793	\$13,960
Legal fees	2,654,605			2,654,605
Insurance	28,793	10,248		39,041
Outside contract services	7,183	1,860		9,043
Fees and dues	11,550	13,952	1,528	27,030
Rent expense		940		940
Office expense		90	405	495
Miscellaneous expense	655	1,845	1,200	3,700
Total	\$2,706,973	\$35,915	\$5,926	\$2,748,814

U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2021

	<u>June 30, 2021</u>
Cash flows from operating activities	
Change in net assets	(\$119,700)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Decrease (increase) in assets	
Prepaid expense	(23,034)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	268,839
Net cash provided (used) by operating activities	<u>126,105</u>
Net Increase (decrease) in cash and cash equivalents	126,105
Cash and cash equivalents - beginning of year	0
Cash and cash equivalents - end of year	<u><u>\$126,105</u></u>
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	\$0

See independent auditor's report

The accompanying notes are an integral part of these statements

U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION (the Organization) is a not-for-profit organization incorporated in the State of New Jersey in 2020. The Organization's mission is dedicated to civil rights litigation and education/community outreach. The Organization is currently engaged in and financially supporting an ongoing civil rights litigation involving WeChat, a social media platform. In the future, the Organization anticipates supporting other administrative challenges and court litigation that serve to protect human and civil rights specifically the freedom of speech.

Basis of presentation

The Organization's financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

Income taxes

The Organization is exempt from federal taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. The Organization adopted the provisions of FASB ASC 740, Income Taxes, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain income tax positions. The Organization's tax return is subject to the usual review by the appropriate taxing authorities.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and 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 the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Cash and cash equivalents

For purpose of statements of cash flows, the Organization considers all highly liquid financial instruments purchased with original maturity of three months or less to be cash equivalents.

Contributions and receivables

Unconditional promises to give are recorded as receivables and revenues and are recognized when the promises are made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Receivables are reported at their outstanding unpaid principal balances reduced by an allowance for uncollectible accounts, which is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional expenses

The costs of providing the programs and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Net assets

The net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions

Net assets without donor restrictions represent those resources that are not subject to donor restrictions.

Net assets with donor restrictions

Net assets with donor restrictions represent those resources that are subject to donor-imposed stipulation that will be met either by actions of the Organization and/or the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purpose.

The Organization has no net assets with donor restriction in year ended June 30, 2021.

Note 2 - Cash and Cash Equivalents

The account consists of the following as of June 30, 2021:

	<u>June 30, 2021</u>
Bank deposits	\$ 125,113
PayPal funds	991
Venmo	<u>1</u>
	<u>\$ 126,105</u>

U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

Note 3 - Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalent amounts in financial institution, which, from time to time, exceed federal insurance limits.

Note 4 - Commitments and Contingencies

The Organization entered into an office rental agreement with Realmart to lease office space commencing on November 1, 2020 and ending on October 31, 2022 with monthly rent of \$99 per month. The Organization will continue renewing the rental agreement after October 31, 2022. Rent expense totaled \$940 for the year ended June 30, 2021.

In August 2020, the Organization, Chihuo Inc., Brent Coulter, Fangyi Duan, Jinneng Bao, Elaine Peng, and Xiao Zhang (Collectively, "Plaintiffs") filed a complaint for declaratory and injunctive relief against Donald J. Trump (in his official capacity as President of the United States) and Wilbur Ross (in his official capacity as Secretary of Commerce) in *U.S. WeChat Users Alliance et al. v. Trump et al.* As amended, Plaintiffs' complaint alleged that the President's August 6, 2020 Executive Order 13943 --- which appeared to ban all uses of the WeChat mobile application by anyone within the U.S. as well as "U.S. persons" outside the U.S. --- violated Plaintiffs' rights.

On June 9, 2021, President Biden issued Executive Order and revoked the prior Executive Order pertaining to WeChat.

On August 9, 2021, the Ninth Circuit granted Appellants' motion to voluntarily dismiss the appeal.

The parties executed a settlement agreement on October 20, 2021, whereby Defendants agreed to pay Plaintiffs \$900,000 in full and complete satisfaction of Plaintiffs' EAJA claim and any and all potential claims that Plaintiffs, or any of their counsel, may have for attorneys' fees, costs, and other litigation expenses, inclusive of any interest.

The management does not expect to further be involved in litigation concerning this matter. However, the government's further evaluation of the WeChat mobile application could result in additional executive action that could impact the Organization.

U. S. WECHAT USERS ALLIANCE A NJ NONPROFIT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

Note 5 - Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and Cash Equivalents	\$ 126,105
	<u>\$ 126,105</u>

None of the financial assets in the amount of \$126,105 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

Note 6 - In-kind Contributions

The Organization has received services without payment or compensation. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills and are performed by people with those skills and would otherwise be purchased by the Organization. During the year ended June 30, 2021, the value of in-kind contributions meeting the requirements for recognition in the financial statements were \$1,557,466. The in-kind contributions for the year ended June 30, 2021 are summarized as follows:

	<u>June 30, 2021</u>
Donated Services	<u>\$ 1,557,466</u>

Note 7 - Subsequent Events

The Organization evaluated subsequent events through May 11 2022, which was the date the financial statements were available to be issued. In early 2020, COVID-19 Coronavirus spread in the United States. As a result, this may cause the organization to experience disruptions that could impact its ability to carry out its activities. The impact of the outbreak of the COVID-19 Coronavirus continues to evolve. The extent to which the COVID-19 Coronavirus may impact the organization is uncertain. The Organization cannot reasonably estimate the COVID-19 Coronavirus impact to its operations but believes it has adequate funds to mitigate such risks if any.