

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

HUMANITY & INCLUSION

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2020, with Summarized Financial Information for 2019	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2020, with Summarized Financial Information for 2019	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2020, with Summarized Financial Information for 2019	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2020, with Summarized Financial Information for 2019	7
NOTES TO FINANCIAL STATEMENTS	8 - 15



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humanity & Inclusion
Silver Spring, Maryland

We have audited the accompanying financial statements of Humanity & Inclusion (HI US), which comprises the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether 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, 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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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HI US as of December 31, 2020, and the change 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.

Report on Summarized Comparative Information

We have previously audited HI US' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2021 on our consideration of HI US' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HI US' internal control over financial reporting and compliance.



July 16, 2021

HUMANITY & INCLUSION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,608,788	\$ 1,446,775
Accounts receivable	19,538	64,139
Grants receivable	16,201,670	9,652,720
Prepaid expenses	<u>56,707</u>	<u>22,601</u>
Total current assets	<u>17,886,703</u>	<u>11,186,235</u>
FIXED ASSETS		
Website	12,800	12,800
Computer equipment	<u>5,832</u>	<u>-</u>
	18,632	12,800
Less: Accumulated amortization and depreciation	<u>(14,235)</u>	<u>(8,273)</u>
Net fixed assets	<u>4,397</u>	<u>4,527</u>
SECURITY DEPOSIT	<u>7,042</u>	<u>7,042</u>
TOTAL ASSETS	<u>\$ 17,898,142</u>	<u>\$ 11,197,804</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 683,134	\$ 422,498
Deferred rent	14,533	15,327
Due to HI Federation	<u>16,306,954</u>	<u>9,823,257</u>
Total liabilities	<u>17,004,621</u>	<u>10,261,082</u>
NET ASSETS		
Without donor restrictions	330,026	330,026
With donor restrictions	<u>563,495</u>	<u>606,696</u>
Total net assets	<u>893,521</u>	<u>936,722</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,898,142</u>	<u>\$ 11,197,804</u>

HUMANITY & INCLUSION

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Government grants and contracts	\$ 34,309,350	\$ -	\$ 34,309,350	\$ 23,323,541
In kind contributions	3,313,505	-	3,313,505	8,644,221
Foundation and corporate grants and contracts	1,404,326	250,000	1,654,326	2,345,693
Contracts	-	-	-	40,218
Contributions	650,188	-	650,188	460,434
Interest and other revenue	17,528	-	17,528	10,583
Net assets released from donor restrictions	<u>293,201</u>	<u>(293,201)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>39,988,098</u>	<u>(43,201)</u>	<u>39,944,897</u>	<u>34,824,690</u>
EXPENSES				
Program Services	<u>38,007,604</u>	<u>-</u>	<u>38,007,604</u>	<u>30,943,469</u>
Supporting Services:				
Management and General	1,039,667	-	1,039,667	1,581,723
Fundraising	<u>940,827</u>	<u>-</u>	<u>940,827</u>	<u>2,124,001</u>
Total supporting services	<u>1,980,494</u>	<u>-</u>	<u>1,980,494</u>	<u>3,705,724</u>
Total expenses	<u>39,988,098</u>	<u>-</u>	<u>39,988,098</u>	<u>34,649,193</u>
Change in net assets	-	(43,201)	(43,201)	175,497
Net assets at beginning of year	<u>330,026</u>	<u>606,696</u>	<u>936,722</u>	<u>761,225</u>
NET ASSETS AT END OF YEAR	<u>\$ 330,026</u>	<u>\$ 563,495</u>	<u>\$ 893,521</u>	<u>\$ 936,722</u>

HUMANITY & INCLUSION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020				2019	
	Supporting Services			Total Supporting Services	Total Expenses	Total Expenses
	Program Services	Management and General	Fundraising			
Salaries	\$ 608,861	\$ 298,558	\$ 107,017	\$ 405,575	\$ 1,014,436	\$ 1,055,104
Benefits	152,012	68,306	31,250	99,556	251,568	282,050
Payroll taxes	45,264	26,905	7,838	34,743	80,007	78,757
Staff training and recruitment	300	3,336	259	3,595	3,895	9,897
Legal	-	2,110	-	2,110	2,110	13,212
Consultants	6,511	45,385	15,769	61,154	67,665	128,108
Donor mailings	-	-	33,572	33,572	33,572	32,809
Occupancy	66,148	26,531	11,778	38,309	104,457	91,827
Accounting and auditing services	-	62,257	-	62,257	62,257	12,847
Insurance	-	23,911	-	23,911	23,911	21,817
Communications	10,869	14,667	26,099	40,766	51,635	60,777
Travel	1,688	590	-	590	2,278	62,679
Postage and delivery	4	504	2,569	3,073	3,077	1,958
Supplies	798	26,529	11,327	37,856	38,654	37,269
Subscriptions and publications	11,699	30,120	650	30,770	42,469	15,059
Events and meeting	2,858	789	(184)	605	3,463	24,648
Bank fees	28	888	24,336	25,224	25,252	9,072
Grants	34,824,031	-	-	-	34,824,031	23,885,815
Allowance for operational risk	-	33,894	-	33,894	33,894	177,000
Amortization and depreciation	-	5,962	-	5,962	5,962	4,267
Donated goods and services	2,276,533	368,425	668,547	1,036,972	3,313,505	8,644,221
TOTAL	\$ 38,007,604	\$ 1,039,667	\$ 940,827	\$ 1,980,494	\$ 39,988,098	\$ 34,649,193

See accompanying notes to financial statements.

HUMANITY & INCLUSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (43,201)	\$ 175,497
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization and depreciation	5,962	4,267
Decrease (increase) in:		
Accounts receivable	44,601	(34,166)
Grants receivable	(6,548,950)	5,019,455
Prepaid expenses	(34,106)	(2,675)
Increase (decrease) in:		
Accounts payable and accrued liabilities	260,636	196,342
Deferred rent	(794)	(12,439)
Due to HI Federation	<u>6,483,697</u>	<u>(4,223,949)</u>
Net cash provided by operating activities	<u>167,845</u>	<u>1,122,332</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(5,832)</u>	<u>-</u>
Net cash used by investing activities	<u>(5,832)</u>	<u>-</u>
Net increase in cash and cash equivalents	162,013	1,122,332
Cash and cash equivalents at beginning of year	<u>1,446,775</u>	<u>324,443</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,608,788</u>	<u>\$ 1,446,775</u>

HUMANITY & INCLUSION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Humanity & Inclusion (HI US), formerly Handicap International, was incorporated in 2006 in the District of Columbia and is located in Silver Spring, Maryland.

HI US works to bring about lasting change in the living conditions of people in disabling situations in post-conflict or low-income countries around the world. They work with local partners to prevent and address the consequences of disabling accidents and diseases; clear landmines/UXO and prevent mine-related accidents through education; and the use of indiscriminate weapons that wound and kill the innocent long after the war is over; respond quickly and effectively to natural and civil disasters to limit serious and permanent injuries and assist survivors with social and economic reintegration; and advocate for the universal recognition of the rights of the disabled through national planning and advocacy.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with HI US' financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Combined financial statements -

The accompanying financial statements represent the activity of HI US only. The financial statements of HI US have been combined with the Handicap International Federation DBA Humanity & Inclusion (HI Federation) and Affiliated Organizations, located in Lyon, France, in accordance with accounting rules laid down by the "Conseil National de la Vie Associative" and in accordance with accounting regulation CRC 99-03 as amended by regulation CRC 99-01. The combined financial statements are available at the HI US office.

HUMANITY & INCLUSION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Cash and cash equivalents -

HI US considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, HI US maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Receivables -

Receivables are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets consist of a website and computer equipment. Applicable costs in excess of \$5,000 are capitalized and stated at cost. The website is being amortized on a straight-line basis over the estimated useful life of three years. The computer equipment is depreciated over the estimated useful life of three years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

HI US is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. HI US is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2020, HI US has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Grants, contributions and contracts -

Gifts, including unconditional pledges, grants and cost-reimbursable contracts, are recognized in the appropriate category of net assets in the period received. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants qualifying as contributions are recorded by HI US upon notification of the contribution and grant award and satisfaction of all conditions, if applicable. Contributions and grants are classified as net assets with donor restrictions when use of the contribution or grant funds is limited to specific programmatic areas or is designated for use in future periods. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Contributions and grants received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

The majority of HI US' activities are performed under cost-reimbursable grants and contracts with the U.S. and foreign governments, international organizations and other entities.

HUMANITY & INCLUSION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants, contributions and contracts (continued) -

HI US recognizes grants and contracts as either contributions or exchange transactions, depending on whether the transaction is reciprocal or nonreciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. For grants and contracts qualifying as contributions, revenue is recognized when a contribution becomes unconditional. Typically, grant and contract agreements contain a right of return or right of release from obligation provision and HI US has limited discretion over how funds transferred should be spent. As such, HI US recognizes revenue for these conditional contributions when the related barrier has been overcome.

For grants and contracts treated as contributions, HI US had approximately \$48,446,264 in unrecognized conditional contributions as of December 31, 2020. The revenue related to these awards is conditioned on incurring allowable expenditures under the terms of Federal grant agreements and meeting specific financial and programmatic reporting requirements under a non-Federal grant agreement.

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts with Customers* and are recorded as revenue without donor restrictions to the extent that expenses are incurred in compliance with the criteria stipulated in the grant or contract agreements.

Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the agreements. Funding received in advance of incurring the related expenses is recorded as a refundable advance.

In kind contributions -

In kind contributions consisted primarily of donated advertising space and pro-bono legal services. In kind contributions are recorded at their fair market value as of the date of the gift (Note 9).

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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 Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributed to a specific functional area of HI US are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

HUMANITY & INCLUSION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Foreign currency translation -

The U.S. Dollar ("Dollars") is the functional currency for HI US' operations worldwide. Transactions in currencies other than Dollars are translated into Dollars at the rates of exchange in effect during the month of the transaction.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact HI US' operations. The overall potential impact is unknown at this time.

New accounting pronouncement (not yet adopted) -

The FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

HI US plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

Subject to Expenditure for Specified Purposes:

Inclusion of Women and Girls with Disabilities through Evidence-Based Advocacy	\$ 195,183
Inclusion of Persons With Disabilities in Humanitarian Action	100,068
Russel Barrie: Enhancing Psychosocial and Rehabilitation Support for Rohingya Children through Therapeutic Play	67
Miracle Feet Sri Lanka II	21,177
Net Asset Reserve	<u>247,000</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS **\$ 563,495**

Net asset reserve -

HI US received restricted funds for a reserve. The total funds in the reserve are the equivalent of three months of HI US activity budget, as well as an agreed sum with which to cover any obligations for non-institutional co-financing of national origin on ongoing institutional funding contacts. The HI Federation retains ownership of these funds, but HI US may use the funds received to develop its private fundraising activities; the benefits of which will transfer to the HI Federation. As of December 31, 2020, the balance of the restricted reserve was \$247,000.

HUMANITY & INCLUSION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

3. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:

Inclusion of Women and Girls with Disabilities through Evidence-Based Advocacy	\$ 54,817
Inclusion of Persons With Disabilities in Humanitarian Action	79,932
Making It Work Phase V	<u>158,452</u>

TOTAL NET ASSETS RELEASED FROM RESTRICTIONS **\$ 293,201**

4. LIQUIDITY

Financial assets available for use within one year of the Statement of Financial Position for general expenditures comprise the following as of December 31, 2020:

Cash and cash equivalents	\$ 1,608,788
Accounts receivable	19,538
Grants receivable	16,201,670
Less: Donor restrictions for specific purposes	<u>(563,495)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR
GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 17,266,501**

HI US has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2020, HI US has financial assets equal to approximately five months of operating expenses. The HI Federation would allow HI US to use the net asset reserve balance with prior approval, therefore the financial assets available could be higher in the event of need.

5. PAYCHECK PROTECTION PROGRAM

On May 4, 2020, HI US received loan proceeds in the amount of \$233,722 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration. During the year ended December 31, 2020, HI US expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and HI US received notification May 12, 2021 that they qualified for full forgiveness. Accordingly, under guidance found in FASB ASC 958-605, HI US has recognized the PPP funding as a conditional grant by which all conditions have been met.

For the year ended December 31, 2020, HI US deemed the forgiveness by the SBA to be, an administrative task only, and not a barrier to recognition. Grant income in the amount of \$233,722 is included in government grants and contracts in the accompanying Statement of Activities and Change in Net Assets.

6. LEASE COMMITMENT

During May 2015, HI US signed a 65-month lease, which was set to expire on November 30, 2020. In November 2020, HI US signed a lease extension for a period of one year. The lease has a base annual rent of \$84,504, with an annual escalation of 4.5%.

HUMANITY & INCLUSION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

6. LEASE COMMITMENT (Continued)

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statement of Financial Position.

Rent expense for the year ended December 31, 2020 was \$104,457. The deferred rent liability was \$14,533.

Future minimum payments are as follows at December 31, 2020:

Year Ending December 31, 2021	\$ <u>96,532</u>
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7. RETIREMENT PLAN

Effective April 15, 2007, HI US established The Handicap International, Inc. Tax Deferred Annuity Plan (the Plan). All full-time HI US employees are eligible to participate in the Plan. Plan contributions are made by participants through pre-tax payroll deductions. Plan contributions in the amount of \$600 per quarter will be made by the organization following satisfactory completion of the employee's initial three month probation period. In addition, HI US matches a contribution of up to three percent of the participant's regular salary. Total pension expense for the year ended December 31, 2020 was \$55,384.

8. RELATED PARTY TRANSACTIONS

HI US is a part of the Handicap International DBA Humanity & Inclusion Federation (HI Federation), comprised of eight national associations, which is headquartered in Lyon, France. HI US solicits private and public funds, as well as provides program management through technical expertise, training, monitoring and evaluation, and grants administration.

HI US provides 70% of unrestricted contributions to the HI Federation and the HI Federation Affiliated Organizations. For the year ended December 31, 2020, they contributed \$347,702 to the HI-Federation. HI US also contributed \$94,614 to the HI Federation Affiliated Organizations.

The HI Federation reimburses HI US for operational expenses. For the year ended December 31, 2020, operational support to HI US totaled \$1,404,326.

Additionally, HI US expended \$26,789,295 in sub-grants to the HI Federation and \$8,034,736 for the HI Federation Affiliated Organizations (both of which include the 70% of unrestricted contributions). The HI Federation and the HI Federation Affiliated Organizations implement the programs. HI US and the HI Federation also share two Board members. As of December 31, 2020, HI US owed the HI Federation \$16,306,954. In addition, HI US owed HI Canada \$15,147, for the Media and Advertising shared systems and Institutional Funding shared personnel, which is included in accounts payable and accrued liabilities on the Statement of Financial Position. HI US also shares the Media system with HI UK.

9. IN KIND CONTRIBUTIONS

During the year ended December 31, 2020, HI US was the beneficiary of donated services which allowed HI US to provide greater resources toward various programs.

HUMANITY & INCLUSION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

9. IN KIND CONTRIBUTIONS (Continued)

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2020.

Donated air time for public service announcement	\$ 3,215,972
Advertisement services	84,510
Pro-bono legal services	11,000
Other donations	<u>2,023</u>
TOTAL	\$ <u>3,313,505</u>

The following programs have benefited from these donated services:

Program Services	\$ 2,276,533
Management and General	368,425
Fundraising	<u>668,547</u>
TOTAL	\$ <u>3,313,505</u>

10. CONTINGENCY

HI US receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2020. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

11. CONCENTRATION OF REVENUE

Excluding in kind revenue, approximately 93% of HI US' revenue for the year ended December 31, 2020 was derived from grants awarded by agencies of the United States Government. HI US has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect HI US' ability to finance ongoing operations.

12. PROGRAM SERVICES

HI US' program service activities support key program areas in our operations and technical resources divisions, as follows:

Emergency	\$ 20,191,870
Disability Rights and Inclusion	5,641,836
Rehabilitation	5,585,200
Armed Violence Reduction	5,013,548
Health and Prevention	<u>1,575,150</u>
TOTAL PROGRAM SERVICES	\$ <u>38,007,604</u>

HUMANITY & INCLUSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

13. SUBSEQUENT EVENTS

In preparing these financial statements, HI US has evaluated events and transactions for potential recognition or disclosure through July 16, 2021, the date the financial statements were issued.