The Global Hunger Project and Affiliates

Consolidated Financial Statements
Year Ended December 31, 2018

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Contents

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Independent Auditor's Report

The Board of Directors
The Global Hunger Project
New York, New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Global Hunger Project and Affiliates, which comprise the statement of financial position as of December 31, 2018, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Global Hunger Project and Affiliates as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 25, 2019

The Global Hunger Project and Affiliates

Consolidated Statement of Financial Position

December 31, 2018		
Assets		
Current		
Cash and cash equivalents (Note 3)	$	8,452,605
Contributions receivable, current portion (Notes 3 and 5)		4,709,002
Microfinance loans, net (Notes 3 and 6)		1,379,138
Investments (Note 7)		153,245
Other current assets (Note 3)		889,286
Total Current Assets		15,583,276
Contributions Receivable, less current portion, net (Notes 3 and 5)		1,670,422
Cash Surrender Value of Life Insurance (Note 13)		1,427,313
Property and Equipment, Net (Notes 3 and 8)		739,444
Total Assets	$	19,420,455
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$	2,159,018
Deferred revenue		1,000,479
Deferred rent		23,878
Other liabilities		27,553
Total Current Liabilities		3,210,928
Commitments and Contingencies (Notes 3, 10, 11 and 12)		
Net Assets		
Without donor restrictions		7,943,564
With donor restrictions (Notes 3 and 9)		8,265,963
Total Net Assets		16,209,527
Total Liabilities and Net Assets	$	19,420,455

See accompanying notes to consolidated financial statements.

The Global Hunger Project and Affiliates

Consolidated Statement of Activities

Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 4,714,964	$ 12,133,559	$ 16,848,523
Microfinance revenue (Note 6)	112,288	-	112,288
Investment income, net (Note 7)	369,765	-	369,765
Other	450,131	-	450,131
Net assets released from restrictions (Note 9)	12,940,660	(12,940,660)	-
Total Support and Revenue	18,587,808	(807,101)	17,780,707
Expenses			
Program services:			
Education and advocacy	988,976	-	988,976
Africa	9,005,739	-	9,005,739
South Asia	3,256,295	-	3,256,295
Latin America	749,539	-	749,539
Total Program Services	14,000,549	-	14,000,549
Supporting services:			
Management and general	1,777,363	-	1,777,363
Fundraising	1,952,846	-	1,952,846
Total Supporting Services	3,730,209	-	3,730,209
Total Expenses	17,730,758	-	17,730,758
Change in Net Assets before Foreign Currency Transaction Loss	857,050	(807,101)	49,949
Foreign currency translation loss	(543,455)	-	(543,455)
Change in Net Assets	313,595	(807,101)	(493,506)
Net Assets, beginning of year	7,629,969	9,073,064	16,703,033
Net Assets, end of year	$ 7,943,564	$ 8,265,963	$ 16,209,527

See accompanying notes to consolidated financial statements.

The Global Hunger Project and Affiliates

Consolidated Statement of Functional Expenses

Year ended December 31, 2018

	Program Services					Supporting Services			
	Education and Advocacy	Africa	South Asia	Latin America	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Program activities (Note 3)	$ -	$ 4,723,211	$ 1,584,856	$ -	$ 6,308,067	$ -	$ -	$ -	$ 6,308,067
Salaries and benefits	708,498	2,897,472	1,052,402	337,923	4,996,295	501,377	737,722	1,239,099	6,235,394
Professional services	34,630	164,351	35,949	155,690	390,620	885,248	686,381	1,571,629	1,962,249
Office, conferences and others	185,845	607,780	420,753	159,055	1,373,433	274,102	429,497	703,599	2,077,032
Travel and related costs	59,093	350,421	142,218	93,159	644,891	112,991	80,329	193,320	838,211
Depreciation and amortization	910	153,923	20,117	3,712	178,662	3,645	455	4,100	182,762
Provision for doubtful loans - microfinance	-	108,581	-	-	108,581	-	18,462	18,462	127,043
Total Expenses	$ 988,976	$ 9,005,739	$ 3,256,295	$ 749,539	$14,000,549	$ 1,777,363	$ 1,952,846	$ 3,730,209	$17,730,758

See accompanying notes to consolidated financial statements.

The Global Hunger Project and Affiliates

Consolidated Statement of Cash Flows

Year ended December 31, 2018		
Cash Flows from Operating Activities		
Change in net assets	$	(493,506)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		182,762
Bad-debt expense		18,462
Provision for doubtful loans		108,581
Change in allowance for doubtful pledges		22
Change in discount on multi-year pledges		(19,187)
Change in allowance for microfinance loans		(46,503)
(Increase) decrease in:		
Contributions receivable		1,942,599
Microfinance loans		(32,354)
Cash surrender value of life insurance		(52,466)
Other current assets		(365,206)
Decrease (increase) in:		
Accounts payable and accrued expenses		9,314
Deferred revenue		1,000,479
Deferred rent		7,670
Other liabilities		27,553
Net Cash Provided by Operating Activities		2,288,220
Cash Flows from Investing Activities		
Proceeds from sale of investments		141,085
Purchases of property and equipment		(133,314)
Net Cash Provided by Investing Activities		7,771
Net Increase in Cash and Cash Equivalents		2,295,991
Cash and Cash Equivalents, beginning of year		6,156,614
Cash and Cash Equivalents, end of year	$	8,452,605

See accompanying notes to consolidated financial statements.

1. Description of Organization

Nature of Activities

The Global Hunger Project is a non-profit, strategic organization committed to the sustainable end of world hunger. The Global Hunger Project delivers and supports programs through affiliated entities in Africa, South Asia and Latin America (Program Country entities). The Global Hunger Project also co-operates with partner entities in developed countries that use the name "The Hunger Project" (Partner Country entities) to jointly fund programs operated by, and other activities of, The Global Hunger Project and its Program Country entities. The Global Hunger Project and affiliated Program Country entities operate globally and are, thereafter, referred to as "The Hunger Project" or "THP." THP's vision is a world where every woman, man and child lead a healthy, fulfilling life of self-reliance and dignity.

The Hunger Project aims to end hunger and poverty by pioneering sustainable, grassroots, women-centered strategies and advocating for their widespread adoption in countries throughout the world. THP has reached 20 million people with an innovative, holistic approach, which empowers women, men and youth living in rural villages to become the agents of their own development and make sustainable progress in overcoming hunger and poverty. In 2018, THP worked with 12,000 communities throughout Africa, South Asia and Latin America, empowering people to lead their own journey to self-reliance.

The Hunger Project is a pioneer in women-centered, community-led development, a process of working with communities to create and achieve locally owned visions and goals. It is a planning and development approach based on a vision set by the community and leverages local skills and leaders to achieve that vision. Community-led development embraces local voices as sources of leadership, builds on local strengths (rather than focusing on problems), collaborates holistically on local sectoral priorities, is intentional and adaptable, and works to achieve systemic change rather than short-term results. THP believes that empowered communities, led by confident local leaders, are best able to produce lasting results.

To achieve broad-reaching, sustainable progress toward the end of hunger, The Hunger Project is guided by core principles, including empowerment, leverage and sustainability. THP prioritizes collaboration among development actors to identify what's missing in a region or sector and works towards the widespread adoption of women-centered, community-led development in countries around the world. To accelerate this work, The Hunger Project catalyzed the formation of a global Movement for Community-led Development (Movement) in 2015. The alliance, which has now grown to more than 65 organizations worldwide, is committed to advocating for the power and capacity of communities to take charge of their own development. Today, the Movement is active globally, with local chapters across Africa and Latin America.

Programs

The three pillars of our programs are:

- Start by empowering women as key change agents
- Mobilize entire communities into self-reliant action
- Foster effective partnerships to engage local government

A Summary of Our Programs by Region

Africa

In eight countries in Africa, The Hunger Project's Epicenter Strategy mobilizes clusters of rural villages into "epicenters," which band together 5,000-15,000 people to carry out community-led integrated strategies to meet basic needs. Community members at epicenters create and run their own development programs, culminating in sustainable self-reliance. As of 2018, 34 of The Hunger Project's epicenters had declared self-reliance, meaning over 220,000 of our community partners are now living in a self-reliant community where they have the confidence, capacity and skills to act as agents of their own development. The work that began in partnership with The Hunger Project, is now their own, complete with goal-setting and measures of their own success and sustainability.

South Asia

In India, The Hunger Project empowers women elected to local government positions in nearly 2,000 panchayats (clusters of rural villages) to meet the development needs of their communities. Across six states, THP facilitates regional-level federations of women leaders to strengthen their voice and provide a platform for learning and exchange.

In Bangladesh, The Hunger Project mobilizes local "animators" (trained volunteers), youth, women leaders, and local government representatives across 185 unions to meet the Sustainable Development Goals (SDGs). These community partners carry out women-centered, holistic, bottom-up strategies to achieve the SDGs in their communities.

Latin America

In Mexico and Peru, THP supports community development initiatives, focusing on the people who are the most marginalized, particularly indigenous women. In Mexico, our work includes a special focus on improving childhood and maternal malnutrition and igniting local entrepreneurship. In Peru, The Hunger Project works with a partner organization, Chirapaq, a coalition of indigenous organizations who are promoting access to opportunities, the exercise of women's and indigenous rights, and collaboration with local and regional governments.

More detailed information about our programs and success stories is available at www.thp.org.

Structure

The Hunger Project delivers and supports programs through affiliated entities in Africa, South Asia and Latin America, referred to as "Program Countries." The Hunger Project works in Bangladesh, Benin, Burkina Faso, Ethiopia, India, Ghana, Malawi, Mexico, Mozambique, Peru, Senegal and Uganda.

The Hunger Project co-operates with partner entities in developed countries that use the name "The Hunger Project," referred to as "Partner Country" entities, to jointly fund programs. Global Hunger Project Partner Country affiliates are in Australia, Canada, Germany, Japan, The Netherlands, New Zealand, Sweden, Switzerland and the United Kingdom. These affiliated entities are not controlled by The Hunger Project - they have separate boards, and no funding is provided to them. However, there are agreements in place for the use of The Hunger Project's name. These agreements can be terminated at any time. Among other activities, the Partner Country entities raise funds that, less their own expenses, are provided to The Hunger Project programs.

2. Principles of Consolidation

These financial statements report the consolidated activities of The Hunger Project and its affiliated Program Country entities, as defined in Note 1, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidation is required since the entities are related through shared economic interest and management. Since both THP and its Program Country entities may receive funding from Partner Country entities, funds received from and/or pledged by Partner Country entities during the reporting period are reported as revenue of the consolidated entity. All significant transactions and balances between THP and its Program Country entities have been eliminated in consolidation.

3. Summary of Significant Accounting Policies

Basis of Accounting

THP maintains its accounting records and prepares its consolidated financial statements on the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The consolidated financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the U.S. GAAP. In the consolidated statement of financial position, assets are presented in order of liquidity or conversion to cash, and liabilities are presented according to their maturity resulting in the use of cash.

Financial Statement Presentation

The classification of a not-for-profit organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investment income, net of direct internal and external investment expenses, should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

These classes are defined as follows:

Without Donor Restriction – This class consists of net assets that have no restrictions provided by the donors and include amounts controlled by either THP or its Program Country Affiliates' Boards of Directors.

With Donor Restrictions – This class consists of net assets resulting from contributions with usage limited by donor-imposed stipulations that either expire by the passage of time or which are fulfilled and removed by actions of THP pursuant to those restrictions. The restrictions may be for various purposes, such as use in future periods or use for specified purposes. When donor restrictions expire—that is, when a purpose restriction is fulfilled, or a time restriction ends—such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purpose of reporting cash flows, THP considers cash equivalents to be any funds and accounts with an original maturity less than 90 days. Amounts held internationally by Program Country entities total $5,538,084 at December 31, 2018 and are included in cash and cash equivalents on the accompanying consolidated statement of financial position.

Concentrations of Credit Risk

THP maintains its cash in bank deposit accounts which, at times, may exceed government-insured limits. THP has not experienced any losses in such accounts and management believes it is not exposed to any significant financial risk on cash.

Contributions Receivable and Provision for Doubtful Accounts

Contributions receivable are comprised of cash held and due from affiliated Partner Country entities at December 31, 2018, as well as contributions due from third parties. Unconditional contributions receivable are recognized as support in the period acknowledged. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met. Management determines the allowance for doubtful contributions receivable by regularly evaluating individual contributions receivable and considering prior history of donors and proven collectability of past donations. Contributions receivable are written off when deemed uncollectible. Recoveries of contributions receivable previously written off are recorded when received.

Microfinance Loans

Microfinance loans (loans) are made by several Program Country entities and recorded as a receivable when funds are initially paid to the borrower and as a reduction of the receivable upon repayment by the borrower. The loans are classified based on age of loan, regardless of whether the loan belongs to a group or individual. The allowance for loan losses is monitored by management to maintain accurate loan portfolio balances. The loans are recorded at the principal amount, net of allowances for doubtful loans. Loan losses are recorded when management believes that the principal is unlikely to be collected. Interest income on the loans is recognized on the accrual basis as earned. The allowance for doubtful loans at December 31, 2018 was $215,767.

Investments

Investments with readily determinable fair values are reflected at fair market value. To adjust the carrying value of these investments, the change in fair market value is charged or credited to current operations.

Fixed-deposit receipts totaling $153,245 are not subject to the provisions of fair value measurements as they are recorded at cost.

Property and Equipment, Net

THP capitalizes all property and equipment with a cost of $5,000 or more. Property and equipment are recorded at cost and depreciated over their useful life using the straight-line method of depreciation. Leasehold improvements are recorded at cost and amortized over the lesser of the useful life or lease term on a straight-line basis.

	Years
Equipment	5-10
Furniture and fixtures	5-10
Leasehold improvements	Lesser of lease term or useful life

Impairment of Long-Lived Assets to be Disposed of

THP reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. THP had no impairments of long-lived assets during the year ended December 31, 2018.

Other Assets

Other assets held internationally in Program Country entities total $745,616 at December 31, 2018 and are included in other assets on the accompanying consolidated statement of financial position.

Deferred Rent

THP has a lease agreement for rental space in New York City. Under the terms of the lease agreement, THP occupied its office space for a period of free rent during the initial rental period. The benefits that THP received from the free rent, allowance and rent increases in future years, are being allocated on a straight-line basis over the term of the lease. The difference between the expense and the cash payments is reported as deferred rent.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as income without donor restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Revenue from government grants and other contracts is recognized as revenue without donor restrictions when expenditures have been incurred in compliance with the grantor's restrictions or when applicable performance-based milestones are reached, and as requisitions for payments are submitted. Grants are recognized as support without donor restrictions only to the extent of actual expenses incurred in compliance with grantor-imposed restrictions.

Foreign Currency Translations

Financial statements of Program Country entities' activities are translated into U.S. dollars using period-end exchange rates for assets and liabilities, and average exchange rates for revenue and expenses during the reporting period. Net loss on foreign-currency translation was $543,455 for the year ended December 31, 2018.

Functional Allocation of Expenses

Direct costs associated with specific programs are recorded as direct program expenses. Personnel costs, depreciation, occupancy, office, data processing and certain corporate expenses are allocated to programs based on employee time distributions.

For functional expense reporting, certain salaries and office expenses are allocated to reflect the results of an analysis of the nature and function of the activities associated with salaries and benefits and occupancy costs. The salary and benefit costs of several U.S.-based employees working in administrative departments (finance, operations and human resources) and monitoring, evaluation and learning are directly allocated to the program areas that they support. The salary and benefit costs of several members of the management team are allocated based on estimates of the time and effort. Occupancy costs are allocated based on headcount.

Program Activities

Program activities are the costs associated with implementing programs at the country level in Africa, South Asia and Latin America. They include, for example, costs related to food security activities, construction of epicenter buildings and facilities, and workshops to train partners in areas such as leadership, income generation and nutrition, etc. The costs of constructing epicenter buildings and facilities in the Program Country entities are expensed in the year they are incurred, since they are considered a gift to the community and not a THP asset.

Income Taxes

The Global Hunger Project is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, a provision for income taxes has not been made in the consolidated financial statements. The Global Hunger Project is also classified as other than a private foundation. The Global Hunger Project has no unrelated business income during the year ended December 31, 2018 and, therefore, no provision for federal or state income taxes has been made in the accompanying consolidated financial statements. The Global Hunger Project had no income tax expense for the year ended December 31, 2018.

Under U.S. GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. THP does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. THP has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, THP has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2018, there were no interest or penalties recorded or included in the consolidated statement of activities. THP is subject to a routine audit by a taxing authority.

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) modifying the presentation of underwater endowment funds and related disclosures; (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise; (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs; (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (f) presenting investment return net of external and direct expenses and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented, although certain optional practical expedients are available for periods prior to adoption. These consolidated financial statements reflect implementation of this ASU.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Financial Instruments-Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments," which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08, "Not-for-Profit entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." This ASU clarifies the guidance presented in Topic 958, Not-for-Profit Entities, of the FASB ASC for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. The ASU may be adopted using either: (a) the modified prospective basis, with no restatement of opening net assets or (b) the full retrospective method. Under the modified prospective basis, the ASU is applied to agreements that are not completed as of the effective date, with the ASU's guidance applied onto the portion of revenue or expenses not yet recognized or entered into after the effective date. The ASU will be effective for fiscal years beginning after December 15, 2018. Earlier adoption is permitted. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

4. Liquidity and Availability of Resources

THP's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

December 31, 2018		
Cash and cash equivalents	$	8,452,605
Contributions receivable, current portion		4,709,002
Microfinance loans, net		1,379,138
Investments		153,245
Cash surrender value of life insurance		1,427,313
Total Financial Assets Available		16,121,303
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time		8,265,963
Microfinance cash and cash equivalents and loans		2,454,025
Total Financial Assets Unavailable for General Expenditures		10,719,988
Total Financial Assets Available to Management for General Expenditures Within One Year	$	5,401,315

Liquidity Management

THP has $5,401,315 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. THP receives significant contributions and contributions receivable restricted by donors, and considers contributions restricted for programs, which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures in the program country specified in the restriction. Financial assets from microfinance programs are restricted to the microfinance programs. Microfinance programs require that there be cash available to cover savings accounts for those epicenters that require a savings deposit from a borrower.

THP regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. In addition to financial assets available to meet general expenditures over the next 12 months, THP seeks to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As more fully described in Note 13, the cash surrender value of the life insurance policy in the amount of $1,427,313 is available in the event of seasonal or unanticipated liquidity needs.

5. Contributions Receivable, Net

Amounts consist of contributions receivable, net in the following countries:

December 31, 2018		
United States	$	3,426,793
Affiliated Partner Countries		2,972,860
Bangladesh		94,409
Senegal		8,847
Mexico		1,791
		6,504,700
Less:		
Provision for doubtful accounts		(84,662)
Discount to present value		(40,614)
	$	6,379,424

Contributions receivable are measured using the present value of future cash flows based on discount rates of 2%.

Contributions receivable consists of the following:

December 31, 2018		
Contributions in less than one year	$	4,709,002
Contributions in one to five years		1,795,698
	$	6,504,700

6. Microfinance Loans, Net

Microfinance loans consist of loans, net from the following countries:

December 31, 2018		
Benin	$	759,081
Ghana		497,525
Burkina Faso		214,708
Senegal		103,708
Mozambique		19,883
		1,594,905
Less: allowance for doubtful loans		(215,767)
	$	1,379,138

Balances included allowances for doubtful microfinance loans from the following countries:

December 31, 2018

	Balance, December 31, 2017	Loans Written-Off Against Allowance	Provision for Loan Losses	Allowance, December 31, 2018
Benin	$ (40,379)	$ 64,639	$ (46,643)	$ (22,383)
Ghana	(38,332)	(10,878)	(9,672)	(58,882)
Burkina Faso	(65,287)	66,584	(43,284)	(41,987)
Senegal	(104,890)	21,298	(5,500)	(89,092)
Mozambique	(13,382)	13,441	(3,482)	(3,423)
	$ (262,270)	$ 155,084	$ (108,581)	$ (215,767)

Allowances for doubtful microfinance loans are calculated as follows:

	Over 30 days (%)	Over 90 days (%)	Over 180 days (%)	Over 270 days (%)	Over 1 year (%)
Benin	-	40	80	80	100
Ghana	-	100	100	100	100
Burkina Faso	-	40	80	100	100
Senegal	-	40	60	60	100
Mozambique	25	25	50	50	100

All loans outstanding at December 31, 2018 are due within the next 12 months.

Loans are generally considered past due when the principle and interest have not been received for more than one year after the due date, unless there are extenuating circumstances.

Age analysis of past-due loans:

December 31, 2018

	Accrues Interest					Interest Does Not Accrue	
	Current	Over 30 days	Over 90 days	Over 180 days	Over 270 days	Over 1 year	2018 Balance
Benin	$ 677,527	$ 38,756	$ 15,916	$ 12,057	$ -	$ 14,825	$ 759,081
Ghana	442,253	1,545	2,511	6,343	12,548	32,325	497,525
Burkina Faso	194,716	-	-	2,146	-	17,846	214,708
Senegal	9,391	-	-	-	-	94,317	103,708
Mozambique	15,906	-	-	-	-	3,977	19,883
	$1,339,793	$ 40,301	$ 18,427	$ 20,546	$ 12,548	$ 163,290	$1,594,905

Savings deposits consist of the following:

December 31, 2018		
Benin	$	452,265
Ghana		266,189
Burkina Faso		263,746
Senegal		28,339
Mozambique		1,851
	$	1,012,390

Loan Origination/Risk Management

The loans are made at the epicenter level by a credit committee consisting of community leaders who review the proposals presented and the likelihood of success. Management of each program country reviews and approves of the policies governing the loan origination, loan delinquencies and past-due loans. Each program country also monitors the past-due loan amounts and the Global Office reviews the results on a quarterly basis through reports received from the program country entities. The program country management also trains microfinance partners in business concepts, as well as leadership and entrepreneurial skills. All the programs have the goal of alleviating world hunger.

Interest income ceases to be recognized on any loan that has not been repaid at loan maturity.

Included in the without donor restrictions net assets are $1,930,530 related to the microfinance programs. These without donor restrictions net assets may be subject to restrictions based upon laws and requirements in each of the countries where the microfinance program operates. At December 31, 2018, no known restrictions exist.

7. Investments

Investments consists of Bangladesh Fixed-Deposit Receipts totaling $153,245.

Investment income consists of the following:

December 31, 2018		
Interest income - India	$	67,912
Interest income - Bangladesh		14,290
Interest income – Malawi		304
Increase in cash surrender value of life insurance policy		52,466
Interest income - U.S.		563
Investment gain – U.S.		6,303
Interest income – microfinance		227,927
	$	369,765

8. Property and Equipment, Net

Property and equipment, net consists of the following:

December 31, 2018

	Estimated Lives	United States	Program Country Entities	Total
Leasehold improvements	Lease term	$ 6,853	$ -	$ 6,853
Furniture and equipment	3 to 10 years	130,710	2,318,521	2,449,231
		137,563	2,318,521	2,456,084
Less: accumulated depreciation		(110,323)	(1,606,317)	(1,716,640)
		$ 27,240	$ 712,204	$ 739,444

Depreciation and amortization expense for the year ended December 31, 2018 was $182,762.

9. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions are as follows:

December 31, 2018

	Balance, December 31, 2017	Additions	Transfers	Released	Balance, December 31, 2018
With donor restrictions:					
Time restricted	$ 4,832,726	$ 1,426,999	$ -	$ (2,896,218)	$ 3,363,507
Purpose restricted:					
Africa	1,764,415	-	-	(668,214)	1,096,201
Bangladesh	975,499	1,454,198	-	(1,284,306)	1,145,391
Benin	43,888	1,520,072	-	(1,245,859)	318,101
Burkina Faso	390,000	616,168	-	(607,161)	399,007
Ethiopia	-	461,594	-	(419,966)	41,628
Ghana	-	1,143,721	-	(1,080,919)	62,802
India	102,481	1,528,931	-	(1,200,260)	431,152
Malawi	-	1,822,349	-	(1,618,125)	204,224
Mexico	-	470,174	-	(393,692)	76,482
Mozambique	831,678	327,261	-	(373,134)	785,805
Senegal	-	465,950	-	(267,974)	197,976
Uganda	132,377	896,142	-	(884,832)	143,687
	$ 9,073,064	$ 12,133,559	$ -	$ (12,940,660)	$ 8,265,963

10. Leases

THP had a lease for office space in New York City, which would have expired on March 31, 2018. This lease was terminated in November 2017 with no further rent owed after November 2017 and the space vacated in November 2017. At the same time, THP assigned to the landlord the sublease of a portion of that space for its remaining term with no further rent due to THP. The landlord required in lieu of a security deposit, that THP have a letter of credit for approximately $150,000. The letter of credit was secured by a certificate of deposit. As a result of the termination of the lease, the landlord approved the release of the letter of credit in March 2018 and the certificate of deposit was released and not renewed.

In September 2017, THP entered into a new lease with a new landlord for office space in New York City, which commenced on November 1, 2017 and expires October 31, 2024. The lease provides for three months of free rent (November of each of the first three years) and escalating payments. Rent payments per month will be approximately $14,500 for the first year, increasing approximately 3% per year thereafter.

THP has a sublease for office space in Washington, D.C. The current sublease commenced May 1, 2017 and continues to April 30, 2019. This replaced a prior sublease, which ended April 30, 2017. Rent payments per month will be $1,281 for the first year, increasing approximately 2.5% for the second year.

Future minimum lease payments under these leases, are as follows:

Years ending December 31,		
2019	$	170,869
2020		185,518
2021		191,078
2022		196,808
2023		202,716
Thereafter		173,130
	$	1,120,119

United States rent expense for the year ended December 31, 2018 was $256,276. The Program Country entities have a combined occupancy expense, including rent expense for the year ended December 31, 2018 of $1,500,635.

11. Retirement Plans

THP has a profit-sharing employee retirement plan (the Plan) covering substantially all U.S. employees who are 18 years of age and have completed 1,000 hours of service. Employer matching contributions equal 100% of the employee's individual contribution, up to $500 for each employee. Vesting occurs 20% each year over five years. There is also an additional discretionary employer contribution determined annually, and employees are 100% vested. For the year ended December 31, 2018, THP made total contributions of $118,733 to the Plan.

THP also maintains a 403(b) savings plan (the Savings Plan) for all full-time employees. Employees are eligible to participate immediately upon employment. THP did not contribute to the Savings Plan for the year ended December 31, 2018.

12. Commitment - Retirement Contract

THP has a postretirement contract with the Founding President. Under the terms of this agreement, the Founding President will receive $100,000 per year in exchange for part-time services rendered. Payments shall continue until the earlier of death or failure to comply with the conditions of the agreement, specifically to not provide services as an employee, officer or director or participate in any fundraising activities for an entity with goals, objectives and methods similar to THP.

13. Life Insurance

THP has a life insurance policy on the Founding President. THP pays the premiums and is the sole beneficiary on the policy. Total face amount and cash surrender value of the policy at December 31, 2018 was $1,427,313.

14. Related Parties

During the year ended December 31, 2018, contributions received from Board members were $536,015 and are included on the accompanying consolidated statement of activities. Contributions receivable from Board members and THP executive staff were $266,000 at December 31, 2018 and are included on the accompanying consolidated statement of financial position.

15. Subsequent Events

THP’s management has performed additional subsequent event procedures through October 25, 2019, which is the date the consolidated financial statements were available to be issued, and there were no subsequent events requiring adjustments to the consolidated financial statements or disclosures as stated herein.