

# **The Global Hunger Project and Affiliates**

**Consolidated Financial Statements  
Years Ended December 31, 2019 and 2018**

# **The Global Hunger Project and Affiliates**

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Consolidated Financial Statements  
Years Ended December 31, 2019 and 2018

# The Global Hunger Project and Affiliates

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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 statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

September 29, 2020

**The Global Hunger Project and Affiliates**  
**Consolidated Statements of Financial Position**

<i>December 31,</i>	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 5,392,458	\$ 8,452,605
Contributions receivable, current portion (Notes 3 and 5)	7,765,754	4,709,002
Microfinance loans, net (Notes 3 and 6)	1,300,015	1,379,138
Investments (Note 7)	530,167	153,245
Other assets (Note 3)	683,444	889,286
<b>Total Current Assets</b>	<b>15,671,838</b>	<b>15,583,276</b>
<b>Contributions Receivable</b> , less current portion, net (Notes 3 and 5)	<b>1,167,358</b>	<b>1,670,422</b>
<b>Cash Surrender Value of Life Insurance</b> (Note 13)	<b>1,482,309</b>	<b>1,427,313</b>
<b>Property and Equipment, Net</b> (Notes 3 and 8)	<b>856,061</b>	<b>739,444</b>
<b>Total Assets</b>	<b>\$ 19,177,566</b>	<b>\$ 19,420,455</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,175,944	\$ 2,159,018
Deferred revenue	1,189,956	1,000,479
Deferred rent	53,644	23,878
Other liabilities	61,636	27,553
<b>Total Current Liabilities</b>	<b>3,481,180</b>	<b>3,210,928</b>
<b>Commitments and Contingencies</b> (Notes 3, 10, 11 and 12)		
<b>Net Assets</b>		
Without donor restrictions	7,592,706	7,943,564
With donor restrictions (Notes 3 and 9)	8,103,680	8,265,963
<b>Total Net Assets</b>	<b>15,696,386</b>	<b>16,209,527</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 19,177,566</b>	<b>\$ 19,420,455</b>

*See accompanying notes to consolidated financial statements.*

# The Global Hunger Project and Affiliates

## Consolidated Statement of Activities

*Year ended December 31, 2019*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 6,795,562	\$ 11,834,390	\$ 18,629,952
Microfinance revenue	332,405	-	332,405
Investment income, net (Note 7)	233,468	-	233,468
Other income	428,061	-	428,061
Net assets released from restrictions (Note 9)	11,996,673	(11,996,673)	-
<b>Total Support and Revenue</b>	<b>19,786,169</b>	<b>(162,283)</b>	<b>19,623,886</b>
<b>Expenses</b>			
Program services:			
Education and advocacy	1,489,906	-	1,489,906
Africa	9,795,256	-	9,795,256
South Asia	3,690,929	-	3,690,929
Latin America	555,447	-	555,447
<b>Total Program Services</b>	<b>15,531,538</b>	<b>-</b>	<b>15,531,538</b>
Supporting services:			
Management and general	2,272,699	-	2,272,699
Fundraising	2,262,302	-	2,262,302
<b>Total Supporting Services</b>	<b>4,535,001</b>	<b>-</b>	<b>4,535,001</b>
<b>Total Expenses</b>	<b>20,066,539</b>	<b>-</b>	<b>20,066,539</b>
<b>Change in Net Assets, before foreign currency translation loss</b>	<b>(280,370)</b>	<b>(162,283)</b>	<b>(442,653)</b>
<b>Foreign Currency Translation Loss</b>	<b>(70,488)</b>	<b>-</b>	<b>(70,488)</b>
<b>Change in Net Assets</b>	<b>(350,858)</b>	<b>(162,283)</b>	<b>(513,141)</b>
<b>Net Assets, beginning of year</b>	<b>7,943,564</b>	<b>8,265,963</b>	<b>16,209,527</b>
<b>Net Assets, end of year</b>	<b>\$ 7,592,706</b>	<b>\$ 8,103,680</b>	<b>\$ 15,696,386</b>

*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
<b>Support and Revenue</b>			
Contributions	\$ 4,714,964	\$ 12,133,559	\$ 16,848,523
Microfinance revenue	112,288	-	112,288
Investment income, net (Note 7)	369,765	-	369,765
Other income	450,131	-	450,131
Net assets released from restrictions (Note 9)	12,940,660	(12,940,660)	-
<b>Total Support and Revenue</b>	<b>18,587,808</b>	<b>(807,101)</b>	<b>17,780,707</b>
<b>Expenses</b>			
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
<b>Total Program Services</b>	<b>14,000,549</b>	<b>-</b>	<b>14,000,549</b>
Supporting services:			
Management and general	1,777,363	-	1,777,363
Fundraising	1,952,846	-	1,952,846
<b>Total Supporting Services</b>	<b>3,730,209</b>	<b>-</b>	<b>3,730,209</b>
<b>Total Expenses</b>	<b>17,730,758</b>	<b>-</b>	<b>17,730,758</b>
<b>Change in Net Assets, before foreign currency translation loss</b>	<b>857,050</b>	<b>(807,101)</b>	<b>49,949</b>
<b>Foreign Currency Translation Loss</b>	<b>(543,455)</b>	<b>-</b>	<b>(543,455)</b>
<b>Change in Net Assets</b>	<b>313,595</b>	<b>(807,101)</b>	<b>(493,506)</b>
<b>Net Assets, beginning of year</b>	<b>7,629,969</b>	<b>9,073,064</b>	<b>16,703,033</b>
<b>Net Assets, end of year</b>	<b>\$ 7,943,564</b>	<b>\$ 8,265,963</b>	<b>\$ 16,209,527</b>

See accompanying notes to consolidated financial statements.

## The Global Hunger Project and Affiliates

### Consolidated Statement of Functional Expenses

*Year ended December 31, 2019*

	Program Services					Supporting Services				Total
	Education and Advocacy	Africa	South Asia	Latin America	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Program activities (Note 3)	\$ -	\$ 5,055,468	\$ 3,230,728	\$ -	\$ 8,286,196	\$ -	\$ -	\$ -	\$ 8,286,196	
Salaries and benefits	1,142,577	3,015,013	424,432	244,399	4,826,421	902,071	1,045,977	1,948,048	6,774,469	
Professional services	61,661	200,976	6,484	157,394	426,515	707,733	627,256	1,334,989	1,761,504	
Office, conferences and others	204,531	745,485	23,094	105,450	1,078,560	443,613	371,107	814,720	1,893,280	
Travel and related costs	81,137	132,150	6,191	45,477	264,955	125,509	217,962	343,471	608,426	
Depreciation and amortization	-	209,953	-	2,727	212,680	6,278	-	6,278	218,958	
Provision for doubtful loans - microfinance	-	436,211	-	-	436,211	87,495	-	87,495	523,706	
<b>Total Expenses</b>	<b>\$ 1,489,906</b>	<b>\$ 9,795,256</b>	<b>\$ 3,690,929</b>	<b>\$ 555,447</b>	<b>\$ 15,531,538</b>	<b>\$ 2,272,699</b>	<b>\$ 2,262,302</b>	<b>\$ 4,535,001</b>	<b>\$ 20,066,539</b>	

*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
<b>Total Expenses</b>	<b>\$ 988,976</b>	<b>\$ 9,005,739</b>	<b>\$ 3,256,295</b>	<b>\$ 749,539</b>	<b>\$ 14,000,549</b>	<b>\$ 1,777,363</b>	<b>\$ 1,952,846</b>	<b>\$ 3,730,209</b>	<b>\$ 17,730,758</b>

*See accompanying notes to consolidated financial statements.*

# The Global Hunger Project and Affiliates

## Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (513,141)	\$ (493,506)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	218,958	182,762
Bad debt expense	87,495	18,462
Provision for doubtful loans	436,211	108,581
Change in allowance for doubtful pledges	-	22
Change in discount on multi-year pledges	(1,749)	(19,187)
Change in allowance for microfinance loans	(40,768)	(46,503)
(Increase) decrease in:		
Contributions receivable	(2,639,434)	1,942,599
Microfinance loans	(316,320)	(32,354)
Cash surrender value of life insurance	(54,996)	(52,466)
Other current assets	205,842	(365,206)
Increase in:		
Accounts payable and accrued expenses	16,926	9,314
Deferred revenue	189,477	1,000,479
Deferred rent	29,766	7,670
Other liabilities	34,083	27,553
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(2,347,650)</b>	<b>2,288,220</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(376,922)	141,085
Purchases of property and equipment	(335,575)	(133,314)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(712,497)</b>	<b>7,771</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(3,060,147)</b>	<b>2,295,991</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>8,452,605</b>	<b>6,156,614</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 5,392,458</b>	<b>\$ 8,452,605</b>

*See accompanying notes to consolidated financial statements.*

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### 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 2019, THP worked with 13,622 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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *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 nine 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 2019, 47 of The Hunger Project's epicenters had declared self-reliance, meaning over 750,000 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 1,600 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 181 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-led 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](http://www.thp.org).

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *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, Uganda, and Zambia.

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, board members 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 intercompany transactions and balances between THP and its Program Country entities have been eliminated in consolidation.

## **3. Summary of Significant Accounting Policies**

### *Basis of Presentation*

The consolidated financial statements have been prepared on an accrual basis in accordance with 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 the 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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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These classes are defined as follows:

*Without Donor Restrictions* - 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 that 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***

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2018. THP has adopted this ASU and has applied the retrospective transition method for each period presented.

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 \$4,823,208 and \$5,538,084 at December 31, 2019 and 2018, respectively, and are included in cash and cash equivalents on the accompanying consolidated statements of financial position. THP investments are held with an initial maturity over three months and are, therefore, not considered cash and cash equivalents.

### ***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 at gross are comprised of cash held by and due from affiliated Partner Country entities of \$3,719,619 and \$2,972,860 at December 31, 2019 and 2018, respectively, as well as contributions due from third parties of \$5,337,020 and \$3,531,840 as of December 31, 2019 and 2018, respectively. 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. Refer to note 5 for more details.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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As of December 31, 2019 and 2018, management determined that it was not necessary to record an allowance for doubtful accounts on the contributions receivable.

### *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, 2019 and 2018 was \$174,999 and \$215,767, respectively.

### *Investments*

Professional standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as THP would use in pricing its assets based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets identical or similar to those which THP holds are traded. THP estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers administering each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

*Level 1* - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

*Level 2* - Valuations are based on (i) quoted prices - those investments, or similar investments, in active markets; (ii) quoted prices - those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments or similar investments that are redeemable at or near the statement of financial position date and for which a model was derived for valuation.

*Level 3* - Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments; (ii) the investments cannot be independently valued; or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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THP investments consist of fixed-deposit receipts and other deposits totaling \$530,167 and \$153,245 as of December 31, 2019 and 2018, respectively, which 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

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### ***Impairment of Long-Lived Assets***

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 years ended December 31, 2019 and 2018.

### ***Other Assets***

Other assets amounted to \$683,444 and \$889,286 at December 31, 2019 and 2018, respectively. Included in these amounts are deposits and pre-payments in Program Countries totaling \$477,639 and 745,616 at December 31, 2019 and 2018, respectively and are included in the 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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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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 \$70,488 and \$543,455 for the years ended December 31, 2019 and 2018, respectively.

### ***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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *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 years ended December 31, 2019 and 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 years ended December 31, 2019 and 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 Internal Revenue Service (IRS) Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended December 31, 2019 and 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): 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*. The update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or unconditional and for distinguishing a donor-imposed condition from a donor-imposed restriction. The guidance is effective for THP's calendar year ended December 31, 2019, and the adoption of this update did not have a material impact on THP's consolidated financial statements.

#### *Statement of Cash Flows (Topic 230): Restricted Cash*

As discussed further above, within cash and cash equivalents, THP has adopted ASU 2016-18 for all periods presented.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *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 June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2014-09, making it effective for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. 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 statement of financial position 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, 2021, 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.

# The Global Hunger Project and Affiliates

## Notes to 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:

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 5,392,458	\$ 8,452,605
Contributions receivable, current portion	7,765,754	4,709,002
Microfinance loans, net	1,300,015	1,379,138
Investments	530,167	153,245
Cash surrender value of life insurance	1,482,309	1,427,313
<b>Total Financial Assets Available</b>	<b>16,470,703</b>	<b>16,121,303</b>
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time	8,103,680	8,265,963
Microfinance cash and cash equivalents and loans	1,854,651	2,454,025
<b>Total Financial Assets Unavailable for General Expenditures</b>	<b>9,958,331</b>	<b>10,719,988</b>
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b>\$ 6,512,372</b>	<b>\$ 5,401,315</b>

### *Liquidity Management*

THP has \$6,512,372 of financial assets available within one year of the statement of financial position 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. Included in the cash and cash equivalents is \$554,635 restricted for micro financing.

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 \$1,482,309 is available in the event of seasonal or unanticipated liquidity needs.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

### 5. Contributions Receivable, Net

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

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
United States	\$ 3,461,013	\$ 3,426,793
Affiliated Partner Countries	3,719,619	2,972,860
Africa	1,587,500	8,847
South Asia	287,687	94,409
Latin America	820	1,791
	<b>9,056,639</b>	<b>6,504,700</b>
Less: provision for doubtful accounts	(84,662)	(84,662)
Less: discount to present value	(38,865)	(40,614)
	<b>\$ 8,933,112</b>	<b>\$ 6,379,424</b>

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

Contributions receivable consists of the following:

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
Contributions in less than one year	\$ 7,765,754	\$ 4,709,002
Contributions in one to five years	1,290,885	1,795,698
	<b>\$ 9,056,639</b>	<b>\$ 6,504,700</b>

### 6. Microfinance Loans, Net

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

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
Benin	\$ 925,314	\$ 759,081
Burkina Faso	102,923	214,708
Ghana	431,695	497,525
Mozambique	15,082	19,883
Senegal	-	103,708
	<b>1,475,014</b>	<b>1,594,905</b>
Less: allowance for doubtful loans	(174,999)	(215,767)
	<b>\$ 1,300,015</b>	<b>\$ 1,379,138</b>

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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

	Balance, December 31, 2018	Loans Written- Off Against Allowance	Provision for Loan Losses	Allowance, December 31, 2019
Benin	\$ (22,383)	\$ 33,110	\$ (32,134)	\$ (21,407)
Burkina Faso	(41,987)	56,727	(108,478)	(93,738)
Ghana	(58,882)	9,227	(10,199)	(59,854)
Mozambique	(3,423)	7,611	(4,188)	-
Senegal	(89,092)	370,304	(281,212)	-
	\$ (215,767)	\$ 476,979	\$ (436,211)	\$ (174,999)

	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)
Burkina Faso	(65,287)	66,584	(43,284)	(41,987)
Ghana	(38,332)	(10,878)	(9,672)	(58,882)
Mozambique	(13,382)	13,441	(3,482)	(3,423)
Senegal	(104,890)	21,298	(5,500)	(89,092)
	\$ (262,270)	\$ 155,084	\$ (108,581)	\$ (215,767)

Allowances for doubtful microfinance loans are calculated as follows:

### December 31, 2019

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

### December 31, 2018

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

All loans outstanding at December 31, 2019 are due within the next 12 months.

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

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

Age analysis of past-due loans:

*December 31, 2019*

	Accrues Interest					Interest Does Not Accrue	Balance
	Current	Over 30 days	Over 90 days	Over 180 days	Over 270 days	Over 1 year	
Benin	\$ 862,101	\$ 40,616	\$ -	\$ -	\$ 5,950	\$ 16,647	\$ 925,314
Burkina Faso	82,338	8,234	5,146	-	7,205	-	102,923
Ghana	345,356	76,140	-	-	10,199	-	431,695
Mozambique	13,574	1,508	-	-	-	-	15,082
	<b>\$ 1,303,369</b>	<b>\$ 126,498</b>	<b>\$ 5,146</b>	<b>\$ -</b>	<b>\$ 23,354</b>	<b>\$ 16,647</b>	<b>\$ 1,475,014</b>

*December 31, 2018*

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

Savings deposits consist of the following:

<i>December 31,</i>	2019	2018
Benin	\$ 214,916	\$ 452,265
Burkina Faso	61,889	266,189
Ghana	252,346	263,746
Mozambique	25,484	28,339
Senegal	-	1,851
	<b>\$ 554,635</b>	<b>\$ 1,012,390</b>

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *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 \$1,851,402 and \$1,930,530 as of December 31, 2019 and 2018, respectively, 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, 2019 and 2018, no known restrictions exist.

## 7. Investments

Investments consist of the following:

<i>December 31,</i>	2019	2018
Bangladesh fixed deposits	\$ 152,636	\$ 153,245
India fixed deposits	377,531	-
	<b>\$ 530,167</b>	<b>\$ 153,245</b>

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Investment income consists of the following:

<i>December 31,</i>	2019	2018
Interest income - Burkina Faso	\$ 1,288	\$ -
Interest income - Bangladesh	-	14,290
Interest income - Benin	2,409	-
Interest income - Ethiopia	515	-
Interest income - Ghana	10	-
Interest income - Malawi	808	304
Interest income - Mozambique	484	-
Investment income - Senegal	12,102	-
Interest income - India	31,852	67,912
Investment income - India	116,943	-
Increase in cash surrender value of life insurance policy	54,996	52,466
Interest income - U.S.	502	563
Investment gain - U.S.	11,559	6,303
Interest income - microfinance	-	227,927
	<b>\$ 233,468</b>	<b>\$ 369,765</b>

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# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### 8. Property and Equipment, Net

Property and equipment, net, consists of the following:

#### *December 31, 2019*

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	United States	Program Countries	Total
Leasehold improvements	\$ 6,853	\$ -	\$ 6,853
Furniture and equipment	130,710	2,475,289	2,605,999
	137,563	2,475,289	2,612,852
Less: accumulated depreciation and amortization	(116,602)	(1,640,189)	(1,756,791)
	\$ 20,961	\$ 835,100	\$ 856,061

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#### *December 31, 2018*

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	United States	Program Countries	Total
Leasehold improvements	\$ 6,853	\$ -	\$ 6,853
Furniture and equipment	130,710	2,318,521	2,449,231
	137,563	2,318,521	2,456,084
Less: accumulated depreciation and amortization	(110,323)	(1,606,317)	(1,716,640)
	\$ 27,240	\$ 712,204	\$ 739,444

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Depreciation and amortization expense for the years ended December 31, 2019 and 2018 was \$218,958 and \$182,762, respectively.

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# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

### 9. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions are as follows:

	Balance, December 31, 2018	Additions	Released	Balance, December 31, 2019
<b>With donor restrictions:</b>				
Time restricted	\$ 3,363,507	\$ 1,705,740	\$ (394,287)	\$ 4,674,960
<b>Purpose restricted:</b>				
Africa	1,096,201	-	(508,002)	588,199
Bangladesh	1,145,391	425,103	(1,653,887)	(83,393)
Benin	318,101	852,393	(910,542)	259,952
Burkina Faso	399,007	483,954	(592,337)	290,624
Ethiopia	41,628	352,107	(330,153)	63,582
Ghana	62,802	1,820,981	(1,718,000)	165,783
India	431,152	1,789,456	(1,651,107)	569,501
Malawi	204,224	2,687,536	(2,113,715)	778,045
Mexico	76,482	347,763	(410,721)	13,524
Mozambique	785,805	(84,864)	(246,236)	454,705
Senegal	197,976	154,874	(315,339)	37,511
Uganda	143,687	1,250,013	(1,152,347)	241,353
Zambia	-	49,334	-	49,334
	<b>\$ 8,265,963</b>	<b>\$ 11,834,390</b>	<b>\$ (11,996,673)</b>	<b>\$ 8,103,680</b>

	Balance, December 31, 2017	Additions	Released	Balance, December 31, 2018
<b>With donor restrictions:</b>				
Time restricted	\$ 4,832,726	\$ 1,426,999	\$ (2,896,218)	\$ 3,363,507
<b>Purpose restricted:</b>				
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
	<b>\$ 9,073,064</b>	<b>\$ 12,133,559</b>	<b>\$ (12,940,660)</b>	<b>\$ 8,265,963</b>

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### 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. Rent payments per month will be \$1,281 for the first year, increasing approximately 2.5% for the second year.

On March 15, 2019, THP renewed its lease to include a \$250 IT admin fee per month and additional rent for extra office space. For the month of April 2019, the rent was \$2,275. For May 2019 through April 2020, the monthly rent was \$2,332 to reflect the 2.5% increase.

Future minimum lease payments under these leases are as follows:

*Year ending December 31,*

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2020	\$	194,847
2021		191,078
2022		196,808
2023		202,716
2024		173,130
	\$	958,579

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United States rent expense for the years ended December 31, 2019 and 2018 was \$236,207 and \$256,276, respectively. The Program Country entities have a combined occupancy expense, including rent expense, for the years ended December 31, 2019 and 2018 of \$262,008 and \$1,500,636, respectively.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### 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 years ended December 31, 2019 and 2018, THP made total contributions of \$0 and \$118,733, respectively, 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 years ended December 31, 2019 and 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 cash surrender value of the policy at December 31, 2019 and 2018 was \$1,482,309 and \$1,427,313, respectively.

### 14. Related Parties

During the years ended December 31, 2019 and 2018, contributions received from Board members and THP executive staff were \$1,519,126 and \$536,015, respectively, and are included in the accompanying consolidated statement of activities. Contributions receivable from Board members and THP executive staff were \$705,711 and \$266,000 at December 31, 2019 and 2018, respectively, and are included in the accompanying consolidated statements of financial position.

### 15. Subsequent Events

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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THP's operations are dependent on donations and pledges from corporations and individuals. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on THP's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the Small Business Administration Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. THP has received a loan in the amount of \$660,000 from the Paycheck Protection Program and has complied with the stipulations of the loan so as to obtain forgiveness. Management continues to examine the impact that the CARES Act may have on THP. Currently, management is unable to determine the impact that the CARES Act may have on THP's financial condition, results of operation, or liquidity.

For purposes of determining the effects of subsequent events on these consolidated financial statements, management has evaluated events through September 29, 2020, the date on which the consolidated financial statements were available to be issued.