

# **The Global Hunger Project and Affiliates**

**Consolidated Financial Statements  
Years Ended December 31, 2020 and 2019**

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Consolidated Financial Statements  
Years Ended December 31, 2020 and 2019

# The Global Hunger Project and Affiliates

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## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the consolidated financial statements of The Global Hunger Project and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Global Hunger Project and Affiliates as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Global Hunger Project and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Global Hunger Project and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.



### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Global Hunger Project and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Global Hunger Project and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

*BDO USA, LLP*

August 31, 2021

# The Global Hunger Project and Affiliates

## Consolidated Statements of Financial Position

<i>December 31,</i>	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Notes 3 and 4)	\$ 7,793,448	\$ 5,392,458
Contributions receivable, current portion (Notes 3, 4, 5 and 14)	4,822,207	7,765,754
Microfinance loans, net (Notes 3, 4, and 6)	1,196,386	1,300,015
Investments (Notes 4 and 7)	568,892	530,167
Other assets (Note 3)	392,656	683,444
<b>Total Current Assets</b>	<b>14,773,589</b>	<b>15,671,838</b>
<b>Contributions Receivable, less current portion, net</b> (Notes 3 and 5)	<b>4,100,559</b>	<b>1,167,358</b>
<b>Cash Surrender Value of Life Insurance</b> (Note 13)	<b>1,540,043</b>	<b>1,482,309</b>
<b>Property and Equipment, Net</b> (Notes 3 and 8)	<b>723,151</b>	<b>856,061</b>
<b>Total Assets</b>	<b>\$ 21,137,342</b>	<b>\$ 19,177,566</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,799,327	\$ 2,175,944
Loan payable (Notes 15 and 16)	660,967	-
Deferred revenue	571,489	1,189,956
Deferred rent	56,285	53,644
Other liabilities	40,100	61,636
<b>Total Current Liabilities</b>	<b>3,128,168</b>	<b>3,481,180</b>
<b>Commitments and Contingencies</b> (Notes 3, 6, 10, 11, 12, 13, and 15)		
<b>Net Assets</b>		
Without donor restrictions	8,744,567	7,592,706
With donor restrictions (Notes 3 and 9)	9,264,607	8,103,680
<b>Total Net Assets</b>	<b>18,009,174</b>	<b>15,696,386</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,137,342</b>	<b>\$ 19,177,566</b>

*See accompanying notes to consolidated financial statements.*

# The Global Hunger Project and Affiliates

## Consolidated Statement of Activities

*Year ended December 31, 2020*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions (Note 14)	\$ 5,475,248	\$ 15,607,898	\$ 21,083,146
Microfinance revenue	223,210	-	223,210
Investment income, net	245,269	-	245,269
Other income	379,950	-	379,950
Net assets released from restrictions (Note 9)	14,446,971	(14,446,971)	-
<b>Total Support and Revenue</b>	<b>20,770,648</b>	<b>1,160,927</b>	<b>21,931,575</b>
<b>Expenses</b>			
Program services:			
Education and advocacy	971,368	-	971,368
Africa	10,245,143	-	10,245,143
South Asia	3,537,659	-	3,537,659
Latin America	549,664	-	549,664
<b>Total Program Services</b>	<b>15,303,834</b>	<b>-</b>	<b>15,303,834</b>
Supporting services:			
Management and general	1,235,455	-	1,235,455
Fundraising	1,848,611	-	1,848,611
<b>Total Supporting Services</b>	<b>3,084,066</b>	<b>-</b>	<b>3,084,066</b>
<b>Total Expenses</b>	<b>18,387,900</b>	<b>-</b>	<b>18,387,900</b>
<b>Change in Net Assets from Operations,</b> before foreign currency translation and discontinued microfinance programs	<b>2,382,748</b>	<b>1,160,927</b>	<b>3,543,675</b>
<b>Foreign Currency Translation</b>	<b>(74,234)</b>	<b>-</b>	<b>(74,234)</b>
<b>Change in Net Assets, before</b> discontinued microfinance programs	<b>2,308,514</b>	<b>1,160,927</b>	<b>3,469,441</b>
<b>Discontinued Microfinance</b> <b>Programs (Note 17)</b>	<b>(1,156,653)</b>	<b>-</b>	<b>(1,156,653)</b>
<b>Change in Net Assets</b>	<b>1,151,861</b>	<b>1,160,927</b>	<b>2,312,788</b>
<b>Net Assets, beginning of year</b>	<b>7,592,706</b>	<b>8,103,680</b>	<b>15,696,386</b>
<b>Net Assets, end of year</b>	<b>\$ 8,744,567</b>	<b>\$ 9,264,607</b>	<b>\$ 18,009,174</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 (Note 14)	\$ 6,795,562	\$ 11,834,390	\$ 18,629,952
Microfinance revenue	332,405	-	332,405
Investment income, net	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</b>	<b>(280,370)</b>	<b>(162,283)</b>	<b>(442,653)</b>
<b>Foreign Currency Translation</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 Functional Expenses**

*Year ended December 31, 2020*

	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)	\$ -	\$ 6,421,250	\$ 3,117,566	\$ 227,078	\$ 9,765,894	\$ -	\$ -	\$ -	\$ 9,765,894
Salaries and benefits	693,394	2,718,006	402,024	180,563	3,993,987	658,529	1,172,648	1,831,177	5,825,164
Professional services	110,811	118,334	-	96,739	325,884	343,415	467,179	810,594	1,136,478
Office, conferences and others	158,408	655,037	8,334	39,502	861,281	185,756	195,489	381,245	1,242,526
Travel and related costs	8,755	56,784	-	3,973	69,512	2,818	13,295	16,113	85,625
Depreciation and amortization	-	232,244	9,735	1,809	243,788	8,808	-	8,808	252,596
Provision for doubtful pledges	-	-	-	-	-	36,129	-	36,129	36,129
Provision for doubtful loans - microfinance	-	43,488	-	-	43,488	-	-	-	43,488
<b>Total Expenses</b>	<b>\$ 971,368</b>	<b>\$ 10,245,143</b>	<b>\$ 3,537,659</b>	<b>\$ 549,664</b>	<b>\$ 15,303,834</b>	<b>\$ 1,235,455</b>	<b>\$ 1,848,611</b>	<b>\$ 3,084,066</b>	<b>\$ 18,387,900</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			
	Education and Advocacy	Africa	South Asia	Latin America	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
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 pledges	-	-	-	-	-	87,495	-	87,495	87,495
Provision for doubtful loans - microfinance	-	436,211	-	-	436,211	-	-	-	436,211
<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 Statements of Cash Flows

<i>Year ended December 31,</i>	2020	2019
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 2,312,788	\$ (513,141)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	252,596	218,958
Provision for doubtful pledges	36,129	87,495
Provision for doubtful loans - microfinance	43,488	436,211
Discontinued microfinance programs	1,156,653	-
Change in discount on multi-year pledges	(28,547)	(1,749)
Microfinance loans written-off	(186,728)	(476,979)
Decrease (increase) in:		
Contributions receivable	(943,558)	(2,639,434)
Microfinance loans	(134,156)	119,891
Cash surrender value of life insurance	(57,734)	(54,996)
Other current assets	(229,288)	205,842
(Decrease) increase in:		
Accounts payable and accrued expenses	326,894	16,926
Deferred revenue	(618,467)	189,477
Deferred rent	2,641	29,766
Other liabilities	(21,536)	34,083
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,911,175</b>	<b>(2,347,650)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(38,725)	(376,922)
Purchases of property and equipment	(132,427)	(335,575)
<b>Net Cash Used in Investing Activities</b>	<b>(171,152)</b>	<b>(712,497)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from loan payable - Paycheck Protection Program	660,967	-
<b>Net Cash Provided by Financing Activities</b>	<b>660,967</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,400,990</b>	<b>(3,060,147)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>5,392,458</b>	<b>8,452,605</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 7,793,448</b>	<b>\$ 5,392,458</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 organization committed to the sustainable end of world hunger with a vision of a world where every woman, man, and child leads a healthy, fulfilling life of self-reliance and dignity. The Global Hunger Project implements, operates, 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 high-income 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.”

The Hunger Project sustainably ends hunger and poverty by pioneering sustainable, grassroots, women-centered strategies and advocating for their widespread adoption in countries throughout the world. THP has reached over 20 million people with an innovative, holistic approach, which enables women, men, and youth living in rural communities to become the agents of their own development and make sustainable progress in overcoming hunger and poverty. In 2020, THP worked with over 14,500 communities throughout Africa, South Asia, and Latin America, leading these communities’ own journey to self-reliance.

The Hunger Project utilizes a planning and development approach based on a vision set by the community-leveraging local skills and leaders to achieve that vision. This women-centered, community-led development approach 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 achieves 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, 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, THP 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 pillars of THP’s programs are:

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

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *A Summary of Our Programs by Region*

#### *Africa*

In nine countries in Africa, THP'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. At the end of 2020, 54 THP epicenters had declared self-reliance, meaning nearly 900,000 of its 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, THP works with empowered women interested in being elected to local government positions in nearly 1,500 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, THP mobilizes local "animators" (trained volunteers), youth, women leaders, and local government representatives across nearly 160 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, THP's work includes a special focus on igniting local entrepreneurship and building community-led relationships with local government. In Peru, THP 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.

### **Structure**

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

THP co-operates with partner entities in high-income 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. Although agreements are in place with these affiliated Partner Country entities, they are not managed by The Global Hunger Project. Each maintains separate boards and receives no operational funding from the central Hunger Project entity. 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 THP programs (see Note 3, Contributions Receivable).

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### 2. Principles of Consolidation

These consolidated 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.

#### *Consolidated 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.

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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *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 \$4,992,868 and \$4,823,208 at December 31, 2020 and 2019, respectively, and are included in cash and cash equivalents on the accompanying consolidated statements of financial position. THP investments that are held with initial maturity over three months are 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 \$2,310,685 and \$3,719,619 at December 31, 2020 and 2019, respectively, as well as contributions due from third parties of \$6,719,524 and \$5,337,020 as of December 31, 2020 and 2019, 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.

As of December 31, 2020 and 2019, the allowance for doubtful accounts on the contributions receivable was \$97,125 and \$84,622, respectively.

### *Microfinance Loans*

Microfinance loans (loans) are made by several Program Country entities and recorded as receivables 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, 2020 and 2019 was \$31,759 and \$174,999, respectively.

### *Investments*

Accounting Standards Codification (ASC) 820, Fair Value Measurement, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, 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

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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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.

THP investments consist of fixed-deposit receipts and other deposits totaling \$568,892 and \$530,167 as of December 31, 2020 and 2019, 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, 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

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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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, 2020 and 2019.

### ***Other Assets***

Other assets amounted to \$392,656 and \$683,444 at December 31, 2020 and 2019, respectively. Included in these amounts are deposits and pre-payments in Program Countries totaling \$221,902 and \$477,639 at December 31, 2020 and 2019, respectively, and are included in the consolidated statements 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 are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

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 \$74,234 and \$70,488 for the years ended December 31, 2020 and 2019, respectively.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *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 years ended December 31, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019, 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, 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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### ***Reclassifications***

Certain account balances in the consolidated statement of financial position for the year ended December 31, 2019 have been reclassified to conform to the current-year presentation.

### ***Recently Adopted Accounting Pronouncements***

#### ***Revenue from Contracts with Customers (Topic 606)***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cashflows arising from contracts with customers, including significant judgments and changes in judgments. The provisions of ASU 2014-09 became effective for THP beginning January 1, 2020. THP applied Topic 606 retrospectively to each prior-reporting period presented. The adoption of the ASU did not have a material impact on the consolidated financial statements and was included for all periods presented.

### ***Accounting Pronouncements Issued but Not Yet Adopted***

#### ***Leases (Topic 842)***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The FASB also issued ASU 2020-05, which deferred the effective date for the THP until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

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# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### 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>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 7,793,448	\$ 5,392,458
Contributions receivable, current portion	4,822,207	7,765,754
Microfinance loans, net	1,196,386	1,300,015
Investments	568,892	530,167
<b>Total Financial Assets Available</b>	<b>14,380,933</b>	<b>14,988,394</b>
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time	9,264,607	8,103,680
Microfinance cash and cash equivalents and loans	1,366,968	1,854,651
<b>Total Financial Assets Unavailable for General Expenditures</b>	<b>10,631,575</b>	<b>9,958,331</b>
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b>\$ 3,749,358</b>	<b>\$ 5,030,063</b>

#### *Liquidity Management*

THP has \$3,749,358 of financial assets available within one year of the consolidated 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 \$170,582 restricted for microfinancing.

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.

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# 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>	2020	2019
United States	\$ 6,111,274	\$ 3,461,013
Affiliated Partner Countries	2,310,685	3,719,619
Africa	503,659	1,587,500
South Asia	104,261	287,687
Latin America	330	820
	<b>9,030,209</b>	<b>9,056,639</b>
Less: provision for doubtful accounts	(97,125)	(84,662)
Less: discount to present value	(10,318)	(38,865)
	<b>\$ 8,922,766</b>	<b>\$ 8,933,112</b>

Contributions receivable are discounted using the present value of future cash flows.

Contributions receivable consists of the following:

<i>December 31,</i>	2020	2019
Contributions in less than one year	\$ 4,822,207	\$ 7,765,754
Contributions in one to five years	4,208,002	1,290,885
	<b>\$ 9,030,209</b>	<b>\$ 9,056,639</b>

### 6. Microfinance Loans, Net

Microfinance loans consist of loan assets, net, in the following countries:

<i>December 31,</i>	2020	2019
Benin	\$ 1,216,885	\$ 925,314
Burkina Faso	-	102,923
Ghana	-	431,695
Mozambique	11,260	15,082
	<b>1,228,145</b>	<b>1,475,014</b>
Less: allowance for doubtful loans	(31,759)	(174,999)
	<b>\$ 1,196,386</b>	<b>\$ 1,300,015</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, 2019	Loans Written-Off Against Allowance	Provision for Loan Losses	Allowance, December 31, 2020
Benin	\$ (21,407)	\$ 30,440	\$ (40,792)	\$ (31,759)
Burkina Faso	(93,738)	93,738	-	-
Ghana	(59,854)	59,854	-	-
Mozambique	-	2,696	(2,696)	-
	\$ (174,999)	\$ 186,728	\$ (43,488)	\$ (31,759)

	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)

Allowances for doubtful microfinance loans are calculated as follows:

### December 31, 2020

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

### 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

All loans outstanding at December 31, 2020 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 is as follows:

*December 31, 2020*

	Accrues Interest					Interest Does Not Accrue	Balance
	Current	Over 30 days	Over 90 days	Over 180 days	Over 270 days	Over 1 year	
Benin	\$ 1,159,590	\$ 14,244	\$ -	\$ 24,315	\$ -	\$ 18,736	\$ 1,216,885
Burkina Faso	-	-	-	-	-	-	-
Ghana	-	-	-	-	-	-	-
Mozambique	8,799	-	-	-	-	2,461	11,260
	\$ 1,168,389	\$ 14,244	\$ -	\$ 24,315	\$ -	\$ 21,197	\$ 1,228,145

*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
	\$ 1,303,369	\$ 126,498	\$ 5,146	\$ -	\$ 23,354	\$ 16,647	\$ 1,475,014

Savings deposits consist of the following:

<i>December 31,</i>	2020	2019
Benin	\$ 147,249	\$ 214,916
Burkina Faso	-	61,889
Ghana	-	252,346
Mozambique	23,333	25,484
	\$ 170,582	\$ 554,635

### **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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

Included in the without donor restrictions net assets are \$800,768 and \$1,851,402 as of December 31, 2020 and 2019, 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, 2020 and 2019, no known restrictions exist.

### 7. Investments

Investments consist of the following:

<i>December 31,</i>	2020		2019	
Bangladesh fixed deposits	\$	185,044	\$	152,636
India fixed deposits		383,848		377,531
	\$	568,892	\$	530,167

### 8. Property and Equipment, Net

Property and equipment, net, consists of the following:

#### *December 31, 2020*

	United States	Program Countries	Total
Leasehold improvements	\$ 6,853	\$ -	\$ 6,853
Furniture and equipment	130,710	2,438,034	2,568,744
	137,563	2,438,034	2,575,597
Less: accumulated depreciation and amortization	(125,409)	(1,727,037)	(1,852,446)
	\$ 12,154	\$ 710,997	\$ 723,151

#### *December 31, 2019*

	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

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 was \$252,596 and \$218,958, respectively.

# 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, 2019	Additions	Released	Balance, December 31, 2020
With donor restrictions:				
Time restricted	\$ 4,674,960	\$ 260,031	\$ (2,177,370)	\$ 2,757,621
Purpose restricted:		-	-	
Africa	588,199	2,800,449	(590,000)	2,798,648
Bangladesh	(83,393)	1,344,464	(1,122,426)	138,645
Benin	259,952	973,804	(1,051,401)	182,355
Burkina Faso	290,624	523,881	(454,734)	359,771
Ethiopia	63,582	260,305	(291,573)	32,314
Ghana	165,783	2,218,619	(1,859,259)	525,143
India	569,501	1,589,298	(1,632,347)	526,452
Malawi	778,045	3,945,850	(3,569,782)	1,154,113
Mexico	13,524	196,931	(189,903)	20,552
Mozambique	454,705	18,776	(170,553)	302,928
Senegal	37,511	399,165	(300,520)	136,156
Uganda	241,353	952,839	(922,572)	271,620
Zambia	49,334	123,486	(114,531)	58,289
	\$ 8,103,680	\$ 15,607,898	\$ (14,446,971)	\$ 9,264,607

	Balance, December 31, 2018	Additions	Released	Balance, December 31, 2019
With donor restrictions:				
Time restricted	\$ 3,363,507	\$ 1,705,740	\$ (394,287)	\$ 4,674,960
Purpose restricted:				
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
	\$ 8,265,963	\$ 11,834,390	\$ (11,996,673)	\$ 8,103,680

# 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 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. This lease was cancelled on April 2020.

Future minimum lease payments under these leases are as follows:

*Year ending December 31,*

2021	\$	187,390
2022		196,808
2023		202,716
2024		173,130
	\$	760,044

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United States rent expense for the years ended December 31, 2020 and 2019 was \$208,443 and \$236,207, respectively. The Program Country entities have a combined occupancy expense, including rent expense, for the years ended December 31, 2020 and 2019 of \$174,088 and \$262,008, respectively.

### 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, 2020 and 2019, THP made total contributions of \$150,586 and \$0, respectively, to the Plan.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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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, 2020 and 2019.

### 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, nor to participate in any fundraising activities for an entity with goals, objectives, and methods similar to THP.

### 13. Cash Surrender Value of 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, 2020 and 2019 was \$1,540,043 and \$1,482,309, respectively.

### 14. Related Parties

During the years ended December 31, 2020 and 2019, revenue received from both Board members and THP executive staff were \$109,459 and \$1,519,126, respectively, and are included in the accompanying consolidated statement of activities. Contributions receivable from Board members and THP executive staff were \$262,429 and \$705,711 at December 31, 2020 and 2019, respectively, and are included in the accompanying consolidated statements of financial position.

### 15. Loan Payable

#### *Small Business Administration - Paycheck Protection Program Loan*

In May 2020, THP applied and received approval for loans under the Paycheck Protection Program (PPP), administered by the United States Small Business Administration. As mentioned in Note 16, the PPP was legislated as part of the CARES Act and is a program designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan may be partially or fully forgiven if businesses keep employee head counts and wages stable. As of December 31, 2020, THP had a PPP loan balance of \$660,967. The loan was serviced by JP Morgan Chase Bank and, if not forgiven, had an interest rate of 0.98% and would mature on May 1, 2022. The loan was fully forgiven in May 2021.

### 16. Risks and Uncertainties

#### *COVID-19 and CARES Act*

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 spread 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 of the impact 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, appropriated funds for the Small Business Administration PPP 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 received loans in the amounts of \$660,967 in May 2020 and \$93,784 in May 2021 from the PPP and has complied with the stipulations of the loans so as to obtain forgiveness. The total amount of \$754,751 from the loans has been forgiven in May 2021. 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.

### *Third-Party Vendor Ransomware Attack*

On July 28, 2020, THP was notified by the third-party vendor that manages its donor information, that a ransomware attack occurred in May 2020 on the third-party vendor's back-up system in which certain data was exfiltrated. The third-party vendor advised THP that the vendor took prompt action to address the incident. As of the date of this report, the incident has not adversely impacted THP; however, there can be no assurance that the incident will not have an adverse impact on THP in the future.

### **17. Discontinued Microfinance Programs**

The objective of THP's Microfinance Program is to gain government recognition and operate as a licensed saving and credit cooperative (SACCO) or Rural Bank owned entirely by community members, thereby providing the entire epicenter community with sustainable access to savings and loan facilities. On completion of this process, THP waives its right to repayment of amounts previously funded to the microfinance project. During 2020, the microfinance programs in Burkina Faso and Ghana achieved this milestone, and the corresponding assets listed under Microfinance Programs were reduced by \$1,860,164. For the year ended December 31, 2020, the completed programs had net assets without donor restrictions totaling \$1,156,653 related to costs associated with transferring ownership to the communities.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

The following tables detail the certain assets and liabilities and major classes of revenues and expenses from the discontinued microfinance programs.

	December 31, 2020		December 31, 2019	
	Current	Long-term	Current	Long-term
Carrying amounts of major classes of assets included as part of discontinued microfinance programs:				
Cash and cash equivalents	\$ 314,235	\$ -	\$ 314,235	\$ -
Microfinance loan receivable	381,025	-	381,025	-
Pledges receivables	946,322	-	946,322	-
Prepaid expenses and other assets	205,841	-	205,841	-
Property, plant, and equipment, net		12,741		12,741
<b>Total Major Classes of Assets of the Discontinued Microfinance Programs</b>	<b>\$ 1,847,423</b>	<b>\$ 12,741</b>	<b>\$ 1,847,423</b>	<b>\$ 12,741</b>
Carrying amounts of major classes of liabilities included as part of discontinued microfinance programs:				
Accounts payable and accrued expenses	\$ 703,511	\$ -	\$ 703,511	\$ -
<b>Total Major Classes of Liabilities of the Discontinued Microfinance Programs</b>	<b>\$ 703,511</b>	<b>\$ -</b>	<b>\$ 703,511</b>	<b>\$ -</b>
<i>Year ended December 31,</i>			<b>2020</b>	<b>2019</b>
Major classes of line items constituting revenues of discontinued microfinance programs:				
Contributions		\$ -	\$ -	747
Microfinance revenue		-	-	178,914
Other income		-	-	89,324
<b>Total Revenues from Discontinued Microfinance Programs</b>			<b>-</b>	<b>268,985</b>
Less:				
Provision for doubtful loans - microfinance			-	118,677
Salaries and benefits			-	65,120
Management and general			-	23,156
<b>Total Expenses from Discontinued Microfinance Programs</b>			<b>-</b>	<b>206,953</b>
<b>Excess of Revenues Over Expenses of Discontinued Microfinance Programs Related to Major Classes of Line Items</b>			<b>\$ -</b>	<b>\$ 62,032</b>

### 18. Subsequent Events

On March 10, 2021, the President signed the \$1.9 trillion American Rescue Plan Act into law. THP is evaluating the American Rescue Plan Act but, as of the date of these consolidated financial statements noted above, has not applied for any of the benefits.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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Subsequent to December 31, 2020, THP received an additional loan, amounting to \$93,784, under the PPP, which was forgiven in May 2021 (see Note 16).

For purposes of determining the effects of subsequent events on these consolidated financial statements, management has evaluated events through August 31, 2021, the date on which the consolidated financial statements were available to be issued.