

# **The Global Hunger Project and Affiliates**

**Consolidated Financial Statements**  
Years Ended December 31, 2021 and 2020

# **The Global Hunger Project and Affiliates**

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Consolidated Financial Statements  
Years Ended December 31, 2021 and 2020

# 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, 2021 and 2020, 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, 2021 and 2020, 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 Consolidated 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 18, 2022

# The Global Hunger Project and Affiliates

## Consolidated Statements of Financial Position

<i>December 31,</i>	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Notes 3 and 4)	\$ 8,692,524	\$ 7,793,448
Contributions receivable, current portion (Notes 3, 4, 5, and 14)	5,181,718	4,822,207
Microfinance loans, net (Notes 3, 4, and 6)	18,594	1,196,386
Investments, current portion (Notes 3, 4, and 7)	313,105	185,044
Other assets (Note 3)	487,986	392,656
<b>Total Current Assets</b>	<b>14,693,927</b>	<b>14,389,741</b>
<b>Contributions Receivable</b> , less current portion, net (Notes 3 and 5)	<b>4,071,484</b>	<b>4,100,559</b>
<b>Investments</b> , less current portion (Notes 3 and 7)	<b>394,328</b>	<b>383,848</b>
<b>Cash Surrender Value of Life Insurance</b> (Note 13)	<b>1,598,773</b>	<b>1,540,043</b>
<b>Property and Equipment, Net</b> (Notes 3 and 8)	<b>642,110</b>	<b>723,151</b>
<b>Total Assets</b>	<b>\$ 21,400,622</b>	<b>\$ 21,137,342</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,241,901	\$ 1,799,327
Loan payable (Notes 15 and 16)	-	660,967
Deferred revenue (Note 3)	789,304	571,489
Deferred rent (Note 3)	52,857	56,285
Other liabilities	54,049	40,100
<b>Total Current Liabilities</b>	<b>2,138,111</b>	<b>3,128,168</b>
<b>Commitments and Contingencies</b> (Notes 10, 11, 12, 13, and 16)		
<b>Net Assets</b>		
Without donor restrictions	9,369,215	8,744,567
With donor restrictions (Notes 3 and 9)	9,893,296	9,264,607
<b>Total Net Assets</b>	<b>19,262,511</b>	<b>18,009,174</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,400,622</b>	<b>\$ 21,137,342</b>

See accompanying notes to consolidated financial statements.

# The Global Hunger Project and Affiliates

## Consolidated Statements of Activities

*Year ended December 31, 2021*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions (Note 3)	\$ 5,453,090	\$ 13,635,671	\$ 19,088,761
Contributions in kind	58,913	-	58,913
Microfinance revenue	3,254	-	3,254
Investment income, net	245,135	-	245,135
Other income	180,809	-	180,809
Net assets released from restrictions (Note 9)	13,006,982	(13,006,982)	-
<b>Total Support and Revenue</b>	<b>18,948,183</b>	<b>628,689</b>	<b>19,576,872</b>
<b>Expenses</b>			
Program services:			
Education and advocacy	1,352,717	-	1,352,717
Africa	9,306,196	-	9,306,196
South Asia	3,509,494	-	3,509,494
Latin America	402,980	-	402,980
<b>Total Program Services</b>	<b>14,571,387</b>	<b>-</b>	<b>14,571,387</b>
Supporting services:			
Management and general	1,692,570	-	1,692,570
Fundraising	2,008,573	-	2,008,573
<b>Total Supporting Services</b>	<b>3,701,143</b>	<b>-</b>	<b>3,701,143</b>
<b>Total Expenses</b>	<b>18,272,530</b>	<b>-</b>	<b>18,272,530</b>
<b>Change in Net Assets from Operations,</b> before foreign currency translation and discontinued microfinance programs and forgiveness of Paycheck Protection Program loan	675,653	628,689	1,304,342
<b>Forgiveness of Paycheck Protection Program Loan (Note 15)</b>	754,751	-	754,751
<b>Foreign Currency Translation</b>	(38,162)	-	(38,162)
<b>Change in Net Assets, before discontinued microfinance programs</b>	<b>1,392,242</b>	<b>628,689</b>	<b>2,020,931</b>
<b>Discontinued Microfinance Programs (Note 17)</b>	<b>(767,594)</b>	<b>-</b>	<b>(767,594)</b>
<b>Change in Net Assets</b>	<b>624,648</b>	<b>628,689</b>	<b>1,253,337</b>
<b>Net Assets, beginning of year</b>	<b>8,744,567</b>	<b>9,264,607</b>	<b>18,009,174</b>
<b>Net Assets, end of year</b>	<b>\$ 9,369,215</b>	<b>\$ 9,893,296</b>	<b>\$ 19,262,511</b>

*See accompanying notes to consolidated financial statements.*

# The Global Hunger Project and Affiliates

## Consolidated Statements 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,</b> before discontinued microfinance programs	<b>2,308,514</b>	<b>1,160,927</b>	<b>3,469,441</b>
<b>Discontinued Microfinance 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 Statements of Functional Expenses**

*Year ended December 31, 2021*

	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)	\$ -	\$ 5,904,409	\$ 1,935,358	\$ 40,000	\$ 7,879,767	\$ -	\$ -	\$ -	\$ 7,879,767
Salaries and benefits	886,799	2,289,952	1,293,918	155,493	4,626,162	914,129	1,269,639	2,183,768	6,809,930
Professional services	285,063	135,238	730	148,357	569,388	496,171	417,507	913,678	1,483,066
In-kind expense	24,253	-	-	-	24,253	34,660	-	34,660	58,913
Office, conferences, and others	152,363	806,202	186,373	48,584	1,193,522	295,420	314,459	609,879	1,803,401
Travel and related costs	4,239	27,034	78,357	8,922	118,552	9,195	6,968	16,163	134,715
Depreciation and amortization	-	140,927	14,758	1,624	157,309	3,642	-	3,642	160,951
Provision for doubtful pledges	-	-	-	-	-	(60,647)	-	(60,647)	(60,647)
Provision for doubtful loans - microfinance	-	2,434	-	-	2,434	-	-	-	2,434
<b>Total Expenses</b>	<b>\$ 1,352,717</b>	<b>\$ 9,306,196</b>	<b>\$ 3,509,494</b>	<b>\$ 402,980</b>	<b>\$ 14,571,387</b>	<b>\$ 1,692,570</b>	<b>\$ 2,008,573</b>	<b>\$ 3,701,143</b>	<b>\$ 18,272,530</b>

*See accompanying notes to consolidated financial statements.*

**The Global Hunger Project and Affiliates**  
**Consolidated Statements 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 Statements of Cash Flows

<i>Year ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,253,337	\$ 2,312,788
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	251,026	218,866
Provision (recovery) for doubtful pledges	(73,575)	12,463
Provision for doubtful loans - microfinance	2,434	43,488
Discontinued microfinance programs	767,594	1,156,653
Forgiveness of Paycheck Protection Program loan	(754,751)	-
Translation of foreign currency	38,162	74,234
Change in discount on multi-year pledges	28,976	(28,547)
Microfinance loans written-off	(31,759)	(186,728)
Decrease (increase) in:		
Contributions receivable	(324,793)	(1,077,393)
Microfinance loans	24,109	144,270
Cash surrender value of life insurance	(58,730)	(57,734)
Other current assets	(136,237)	108,551
(Decrease) increase in:		
Accounts payable and accrued expenses	156,087	303,954
Deferred revenue	246,160	(583,649)
Deferred rent	(3,428)	2,641
Other liabilities	(23,884)	7,263
<b>Net Cash Provided by Operating Activities</b>	<b>1,360,728</b>	<b>2,451,120</b>
<b>Cash Flows from Investing Activities</b>		
Net purchase of investments	(308,964)	(533,920)
Purchases of property and equipment	(146,446)	(111,762)
<b>Net Cash Used in Investing Activities</b>	<b>(455,410)</b>	<b>(645,682)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Paycheck Protection Program loan	93,784	660,967
<b>Net Cash Provided by Financing Activities</b>	<b>93,784</b>	<b>660,967</b>
<b>Effect of Exchange Rate Changes on Cash</b>	<b>(100,026)</b>	<b>(65,415)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>899,076</b>	<b>2,400,990</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>7,793,448</b>	<b>5,392,458</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 8,692,524</b>	<b>\$ 7,793,448</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 person 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 currently reaches approximately 12 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 2021, THP worked with over 11,700 communities throughout Africa, South Asia and Latin America.

The Hunger Project utilizes a planning and development approach based on a vision set by the community themselves—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, collaborates holistically on local sectoral priorities, is intentional and adaptable and achieves systemic change rather than only short-term results. THP believes that empowered communities, led by confident local leaders, are best able to produce lasting results.

#### *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.

#### *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 2021, 59 THP epicenters had declared self-reliance, meaning over 975,000 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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *South Asia*

In India, THP works with empowered women interested in being elected to local government positions in over 5,100 communities 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, encompassing more than 3,770 communities, 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, building community-led relationships with local government and developing powerful partnerships with national government bodies. 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.

### ***Education and Advocacy***

The Hunger Project’s program activities include educating and mobilizing individuals and organizations as a worldwide constituency to bring about the sustainable end of world hunger - this includes awareness raising activities to educate the public about world hunger and related topics. To achieve broad-reaching, sustainable progress toward the end of hunger, THP also 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 70 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.

### ***Departmental 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, the Netherlands, New Zealand, Sweden, Switzerland, and the United Kingdom. Although agreements are in place with these affiliated Partner Country entities, office operations are not managed by The Global Hunger Project. Each maintains separate boards and receives no operational funding from the central Global Hunger Project entity. These agreements can be terminated at any time by either party. Among other

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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activities, the Partner Country entities raise funds that, less their own expenses, are dedicated to the implementation of THP programs (see Note 3).

### 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 statements 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 \$5,355,904 and \$4,992,868 at December 31, 2021 and 2020, 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***

Contributions receivable at gross are comprised of cash held by and due from affiliated Partner Country entities of \$2,370,241 and \$2,310,685 at December 31, 2021 and 2020, respectively, as well as contributions due from third parties of \$6,945,805 and \$6,719,524 as of December 31, 2021 and 2020, 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. If contributions receivable are to be paid over a period greater than one year, they are recorded at the present value of their estimable future cash flows using the effective discount rate. Refer to Note 5 for more details.

As of December 31, 2021 and 2020, the allowance for doubtful accounts on the contributions receivable was \$23,550 and \$97,125, respectively. The discount to present value at December 31, 2021 and 2020 was \$39,294 and \$10,318, 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, 2021 and 2020 was \$2,434 and \$31,759, 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

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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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 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 \$707,433 and \$568,892 as of December 31, 2021 and 2020, 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.

<u>Asset Category</u>	<u>Years</u>
Furniture and equipment	5-10
Leasehold improvements	Lesser of lease term or useful life

### ***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

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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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, 2021 and 2020.

### ***Other Assets***

Other assets amounted to \$487,986 and \$392,656 at December 31, 2021 and 2020, respectively. Included in these amounts are deposits, pre-payments, and other assets in Program Countries totaling \$228,123 and \$221,902 at December 31, 2021 and 2020, 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 three months 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. Funds received in advance of the incurrence of qualifying expenditures or in excess of revenue earned are recorded as deferred revenue.

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## Notes to Consolidated Financial Statements

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### *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 \$38,162 and \$74,234 for the years ended December 31, 2021 and 2020, 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 payroll costs.

### *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 has been classified by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying consolidated financial statements. THP has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code.

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, 2021 and 2020, there were no interest or penalties recorded or included in the consolidated statements of activities. THP is subject to a routine audit by a taxing authority.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *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.

### *Reclassifications*

Certain account balances in the consolidated financial statements for the year ended December 31, 2020 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.

### *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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The ASU requires the following information be disclosed related to the contributed nonfinancial assets:

The contributed nonfinancial assets recognized in the statement of activities are disaggregated by category that depicts the type of contributed nonfinancial assets.

Each category of contributed nonfinancial assets recognized as noted above discloses:

- Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used.
- The nonprofit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
- A description of any donor restrictions associated with the contributed nonfinancial assets.
- The valuation techniques and inputs used to arrive at a fair value measure in accordance with the requirements in ASC 820, *Fair Value Measurements*, at initial recognition.
- The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient nonprofit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption of the ASU is permitted.

### 4. Liquidity and Availability of Resources

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

<i>December 31,</i>	2021	2020
Cash and cash equivalents	\$ 8,692,524	\$ 7,793,448
Contributions receivable, current portion	5,181,718	4,822,207
Microfinance loans, net	18,594	1,196,386
Investments, current portion	313,105	185,044
<b>Total Financial Assets Available</b>	<b>14,205,941</b>	<b>13,997,085</b>
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time	9,893,296	9,264,607
Microfinance cash and cash equivalents and loans	41,374	1,366,968
<b>Total Financial Assets Unavailable for General Expenditures</b>	<b>9,934,670</b>	<b>10,631,575</b>
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b>\$ 4,271,271</b>	<b>\$ 3,365,510</b>

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### *Liquidity Management*

THP has \$4,692,510 of financial assets available within one year of the consolidated statements 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 \$22,780 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.

### **5. Contributions Receivable, Net**

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

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
United States	\$ 6,252,013	\$ 6,111,274
Affiliated Partner Countries	2,370,241	2,310,685
Africa	530,267	503,659
South Asia	163,237	104,261
Latin America	288	330
	<b>9,316,046</b>	<b>9,030,209</b>
Less:		
Provision for doubtful accounts	(23,550)	(97,125)
Discount to present value	(39,294)	(10,318)
	<b>\$ 9,253,202</b>	<b>\$ 8,922,766</b>

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

Contributions receivable consists of the following:

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
Contributions in less than one year	\$ 5,208,629	\$ 4,822,207
Contributions in one to five years	4,134,328	4,208,002
	<b>\$ 9,342,957</b>	<b>\$ 9,030,209</b>

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

### 6. Microfinance Loans, Net

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

<i>December 31,</i>	<b>2021</b>		<b>2020</b>	
Benin	\$	-	\$	1,216,885
Mozambique		<b>21,105</b>		11,260
		<b>21,105</b>		1,228,145
Less: allowance for doubtful loans		<b>(2,511)</b>		(31,759)
	\$	<b>18,594</b>	\$	1,196,386

Gross amount of loan assets consisted of:

	Balance, December 31, 2020	Additions	Loans Written-Off	Collections	Balance, December 31, 2021
Benin	\$ 1,216,885	\$ -	\$ (1,216,885)	\$ -	\$ -
Mozambique	11,260	9,845	-	-	21,105
	\$ 1,228,145	\$ 9,845	\$ (1,216,885)	\$ -	\$ 21,105

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

	Balance, December 31, 2020	Loans Written-Off Against Allowance	Provision for Loan Losses	Allowance, December 31, 2021
Benin	\$ (31,759)	\$ 31,759	\$ -	\$ -
Mozambique	-	-	(2,511)	(2,511)
	\$ (31,759)	\$ 31,759	\$ (2,511)	\$ (2,511)

	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)

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

Allowances for doubtful microfinance loans are calculated as follows:

### December 31, 2021

	Over 30 days (%)	Over 90 days (%)	Over 180 days (%)	Over 270 days (%)	Over 1 year (%)
Mozambique	25	25	50	50	100

### 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

All loans outstanding at December 31, 2021 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. Age analysis of past-due loans is as follows:

### December 31, 2021

	Accrues Interest					Interest Does Not Accrue	Balance
	Current	Over 30 days	Over 90 days	Over 180 days	Over 270 days	Over 1 year	
Mozambique	\$ 10,912	\$ -	\$ -	\$ -	\$ -	\$ 10,116	\$ 21,028
	\$ 10,912	\$ -	\$ -	\$ -	\$ -	\$ 10,116	\$ 21,028

### 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
Mozambique	8,799	-	-	-	-	2,461	11,260
	\$1,168,389	\$ 14,244	\$ -	\$ 24,315	\$ -	\$ 21,197	\$1,228,145

Savings deposits consist of the following:

December 31,	2021	2020
Benin	\$ -	\$ 147,249
Mozambique	22,780	23,333
	\$ 22,780	\$ 170,582

# 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 \$39,258 and \$800,768 as of December 31, 2021 and 2020, 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, 2021 and 2020, no known restrictions exist.

Please refer to Note 17 for additional information on THP's Microfinance Programs.

## 7. Investments

Investments consist of the following:

<i>December 31,</i>	2021		2020	
Bangladesh fixed deposits	\$	313,105	\$	185,044
India fixed deposits		394,328		383,848
	\$	707,433	\$	568,892

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## 8. Property and Equipment, Net

Property and equipment, net, consists of the following:

### *December 31, 2021*

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	United States	Program Countries	Total
Leasehold improvements	\$ 6,853	\$ -	\$ 6,853
Furniture and equipment	130,710	2,129,741	2,260,451
	137,563	2,129,741	2,267,304
Less: accumulated depreciation and amortization	(129,051)	(1,496,143)	(1,625,194)
	\$ 8,512	\$ 633,598	\$ 642,110

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# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 was \$160,951 and \$252,596, respectively.

### 9. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions are as follows:

	Balance, December 31, 2020	Additions	Released	Balance, December 31, 2021
With donor restrictions:				
Time restricted	\$ 2,757,621	\$ 712,544	\$ (891,102)	\$ 2,579,063
Purpose restricted:				
Africa	3,388,336	1,932,985	(1,378,062)	3,943,259
Bangladesh	138,645	1,372,812	(1,093,684)	417,773
Benin	182,355	920,850	(768,949)	334,256
Burkina Faso	152,383	554,795	(405,204)	301,974
Ethiopia	32,314	402,126	(298,873)	135,567
Ghana	303,593	850,259	(954,597)	199,255
India	526,452	1,259,189	(1,417,967)	367,674
Malawi	1,154,113	3,352,062	(3,532,525)	973,650
Mexico	20,553	242,126	(226,727)	35,952
Mozambique	142,177	1,409	(65,439)	78,147
Senegal	136,156	220,260	(247,561)	108,855
Uganda	271,620	1,554,853	(1,511,029)	315,444
Zambia	58,289	259,401	(215,263)	102,427
	\$ 9,264,607	\$ 13,635,671	\$ (13,006,982)	\$ 9,893,296

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## Notes to Consolidated Financial Statements

	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

### 10. Leases

In September 2017, THP entered into a lease 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.

Occupancy expense for Program Country entities are incurred on a month-to-month basis.

Future minimum lease payments under these leases are as follows:

*Year ending December 31,*

2022	\$ 183,458
2023	183,458
2024	152,881
	\$ 519,797

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## Notes to Consolidated Financial Statements

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United States rent expense for the years ended December 31, 2021 and 2020 was \$183,041 and \$208,443, respectively. The Program Country entities have a combined occupancy expense, including rent expense, for the years ended December 31, 2021 and 2020 of \$387,488 and \$174,088, 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 for Employer-matching contribution 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, 2021 and 2020, the total expense for the Plan contributions was \$122,424 and \$150,586, respectively.

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, 2021 and 2020.

### 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, 2021 and 2020 was \$1,598,773 and \$1,540,043, respectively.

### 14. Related Parties

During the years ended December 31, 2021 and 2020, revenue received from both Board members and THP executive staff were \$445,884 and \$109,459, respectively, and are included in the accompanying consolidated statements of activities. Contributions receivable from Board members and THP executive staff were \$175,000 and \$262,429 at December 31, 2021 and 2020, respectively, and are included in the accompanying consolidated statements of financial position.

### 15. Forgiveness of Paycheck Protection Program Loan

#### *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 Coronavirus Aid, Relief, and Economic Security Act (the CARES

# The Global Hunger Project and Affiliates

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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. The PPP loan had an interest at a rate of 0.98%, with an original maturity date of two years from the date of the loan. The loan may be fully or partially forgiven if THP meets the PPP criteria for the forgiveness of the loan.

These funds were used for eligible expenses under the CARES Act. The application for these funds required THP to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of THP. This certification further required THP to take into account the THPs current activity and THP's ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to THP. The receipt of these funds, and the forgiveness of the loan funds, is dependent on THP having initially qualified for the loan and qualifying for the forgiveness of such loan based on its adherence to the forgiveness criteria.

In May 2021, the PPP loan was fully forgiven. As such, THP recognized the loan forgiveness as income in 2021 following the guidance of ASC 405-20, *Extinguishment of Liabilities*. This is presented as nonoperating revenue in the accompanying consolidated statements of activities.

### 16. 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.

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 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 amount of \$754,751 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.

### 17. Discontinued Microfinance Programs

Throughout its Epicenter Strategy in Africa, The Hunger Project implements the Microfinance Program (MFP), whose overall objective is to economically empower rural Africa women (primarily) and men, and ultimately to reduce poverty for entire communities. To achieve this goal, The Hunger Project promotes sustainable access to basic financial services, including savings and loans. By providing Rural Bank participants with adequate training, instilling the importance of saving, and providing small loans, the MFP enables participants to engage in income-generating activities and increase long-term investment in themselves, their families, and their communities. All licensed saving and credit cooperatives (SACCOs or Rural Banks) participating in THP's MFP are owned and

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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operated by community members and are working to phase into self-reliance by acquiring local government recognition and certification. Having achieved this legal status over the course of approximately eight years, these Rural Banks operate independently as self-reliant entities, thereby providing the entire epicenter community with sustainable access to savings and loan facilities. On successful completion of the process of acquiring local government recognition, THP waives its right of repayment of the amounts previously funded to SACCOs or Rural Banks under the MFP. The remaining net assets are transferred to the SACCOs or Rural Banks and written off in THP's consolidated financial statements.

The corresponding value of net assets of Benin's microfinance program amounting \$767,594 was written off in 2021. During 2020, net assets of Burkina Faso and Ghana totaling \$1,156,653 was written off.

As of December 31, 2021, THP has one microfinance program operating in Mozambique with total net assets of \$39,258.

### **18. Subsequent Events**

For purposes of determining the effects of subsequent events on these consolidated financial statements, management has evaluated events through August 18, 2022, the date on which the consolidated financial statements were available to be issued.