

The Global Hunger Project and Affiliates

**Consolidated Financial Statements
Years Ended December 31, 2022 and 2021**

The Global Hunger Project and Affiliates

Consolidated Financial Statements
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The Global Hunger Project and Affiliates

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Tel: 212-371-4446
Fax: 212-371-9374
www.bdo.com

622 Third Ave, Suite 3100
New York, NY 10017

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, 2022 and 2021, 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, 2022 and 2021, 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

June 30, 2023

The Global Hunger Project and Affiliates

Consolidated Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Current Assets		
Cash and cash equivalents (Notes 3 and 4)	\$ 10,354,781	\$ 8,692,524
Contributions receivable, current portion (Notes 3, 4, 5, and 14)	5,457,176	5,181,718
Microfinance loans, net (Notes 3, 4, and 6)	18,069	18,594
Investments, current portion (Notes 3, 4, and 7)	-	313,105
Prepaid expenses and other assets (Note 3)	411,081	487,986
Total Current Assets	16,241,107	14,693,927
Contributions Receivable, less current portion, net (Notes 3 and 5)	3,045,384	4,071,484
Investments, less current portion (Notes 3 and 7)	516,868	394,328
Cash Surrender Value of Life Insurance (Note 13)	1,658,496	1,598,773
Right-of-Use Asset - Operating Lease (Notes 3 and 10)	321,353	-
Property and Equipment, Net (Notes 3 and 8)	299,687	642,110
Total Assets	\$ 22,082,895	\$ 21,400,622
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,621,061	\$ 1,241,901
Deferred revenue (Note 3)	802,236	789,304
Deferred rent (Note 3)	-	52,857
Operating lease liability, current portion (Notes 3 and 10)	169,805	-
Other liabilities	106,344	54,049
Total Current Liabilities	2,699,446	2,138,111
Operating Lease Liability, net of current portion (Notes 3 and 10)	191,055	-
Total Liabilities	2,890,501	2,138,111
Commitments and Contingencies (Notes 10, 11, 12, 13, and 16)		
Net Assets		
Without donor restrictions	9,407,569	9,369,215
With donor restrictions (Notes 3 and 9)	9,784,825	9,893,296
Total Net Assets	19,192,394	19,262,511
Total Liabilities and Net Assets	\$ 22,082,895	\$ 21,400,622

See accompanying notes to consolidated financial statements.

The Global Hunger Project and Affiliates

Consolidated Statements of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions (Note 3)	\$ 6,399,051	\$ 13,459,488	\$ 19,858,539
Contributed nonfinancial assets	468,840	-	468,840
Microfinance revenue	3,423	-	3,423
Investment income, net	219,237	-	219,237
Other income	51,367	-	51,367
Net assets released from restrictions (Note 9)	13,567,959	(13,567,959)	-
Total Support and Revenue	20,709,877	(108,471)	20,601,406
Expenses			
Program services:			
Education and advocacy	1,405,752	-	1,405,752
Africa	8,975,298	-	8,975,298
South Asia	4,539,374	-	4,539,374
Latin America	542,390	-	542,390
Total Program Services	15,462,814	-	15,462,814
Supporting services:			
Management and general	1,945,513	-	1,945,513
Fundraising	2,586,900	-	2,586,900
Total Supporting Services	4,532,413	-	4,532,413
Total Expenses	19,995,227	-	19,995,227
Change in Net Assets, before foreign currency translation	714,650	(108,471)	606,179
Foreign Currency Translation	(676,296)	-	(676,296)
Change in Net Assets	38,354	(108,471)	(70,117)
Net Assets, beginning of year	9,369,215	9,893,296	19,262,511
Net Assets, end of year	\$ 9,407,569	\$ 9,784,825	\$ 19,192,394

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
Support and Revenue			
Contributions (Note 3)	\$ 5,453,090	\$ 13,635,671	\$ 19,088,761
Contributed nonfinancial assets	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)	-
Total Support and Revenue	18,948,183	628,689	19,576,872
Expenses			
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
Total Program Services	14,571,387	-	14,571,387
Supporting services:			
Management and general	1,692,570	-	1,692,570
Fundraising	2,008,573	-	2,008,573
Total Supporting Services	3,701,143	-	3,701,143
Total Expenses	18,272,530	-	18,272,530
Change in Net Assets from Operations , before foreign currency translation and discontinued microfinance programs and forgiveness of Paycheck Protection Program loan	675,653	628,689	1,304,342
Forgiveness of Paycheck Protection Program Loan (Note 15)	754,751	-	754,751
Foreign Currency Translation	(38,162)	-	(38,162)
Change in Net Assets , before discontinued microfinance programs	1,392,242	628,689	2,020,931
Discontinued Microfinance Programs (Note 16)	(767,594)	-	(767,594)
Change in Net Assets	624,648	628,689	1,253,337
Net Assets , beginning of year	8,744,567	9,264,607	18,009,174
Net Assets , end of year	\$ 9,369,215	\$ 9,893,296	\$ 19,262,511

See accompanying notes to consolidated financial statements.

The Global Hunger Project and Affiliates
Consolidated Statements of Functional Expenses

Year ended December 31, 2022

	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)	\$ 34,838	\$ 5,480,912	\$ 2,463,847	\$ 165,000	\$ 8,144,597	\$ -	\$ -	\$ -	\$ 8,144,597
Salaries and benefits	843,166	2,442,416	1,675,407	76,421	5,037,410	957,968	1,481,157	2,439,125	7,476,535
Professional services	337,090	132,450	19,757	170,307	659,604	172,853	488,011	660,864	1,320,468
In-kind expense	24,699	-	-	-	24,699	444,141	-	444,141	468,840
Office, conferences, and others	128,783	731,722	325,121	101,023	1,286,649	277,808	547,493	825,301	2,111,950
Travel and related costs	37,176	86,141	52,101	29,180	204,598	103,663	70,239	173,902	378,500
Depreciation and amortization	-	100,740	3,141	459	104,340	4,630	-	4,630	108,970
Recovery for doubtful pledges	-	-	-	-	-	(15,550)	-	(15,550)	(15,550)
Provision for doubtful loans - microfinance	-	917	-	-	917	-	-	-	917
Total Expenses	\$ 1,405,752	\$ 8,975,298	\$ 4,539,374	\$ 542,390	\$ 15,462,814	\$ 1,945,513	\$ 2,586,900	\$ 4,532,413	\$ 19,995,227

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
Recovery for doubtful pledges	-	-	-	-	-	(60,647)	-	(60,647)	(60,647)
Provision for doubtful loans - microfinance	-	2,434	-	-	2,434	-	-	-	2,434
Total Expenses	\$ 1,352,717	\$ 9,306,196	\$ 3,509,494	\$ 402,980	\$ 14,571,387	\$ 1,692,570	\$ 2,008,573	\$ 3,701,143	\$ 18,272,530

See accompanying notes to consolidated financial statements.

The Global Hunger Project and Affiliates

Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (70,117)	\$ 1,253,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	108,970	251,026
Epicenter disposal	178,824	-
Non-cash lease expense	163,995	-
Discontinued microfinance programs	-	767,594
Forgiveness of Paycheck Protection Program loan	-	(754,751)
Unrealized/realized (gain) loss on foreign currency exchange rates	52,094	-
Translation of foreign currency	676,296	38,162
Change in discount on multi-year pledges	91,649	28,976
Microfinance loans written-off	-	(31,759)
Decrease (increase) in:		
Contributions receivable, net	560,642	(398,368)
Microfinance loans, net	525	26,543
Cash surrender value of life insurance	(59,723)	(58,730)
Other current assets	17,625	(136,237)
(Decrease) increase in:		
Accounts payable and accrued expenses	473,873	156,087
Deferred revenue	218,792	246,160
Deferred rent	-	(3,428)
Principal reduction in operating lease liability	(177,345)	-
Other liabilities	(203)	(23,884)
Net Cash Provided by Operating Activities	2,235,897	1,360,728
Cash Flows from Investing Activities		
Net proceeds from sale of investments	122,649	-
Purchases of investments	(25,203)	(308,964)
Net proceeds from disposals of property and equipment	1,333	-
Purchases of property and equipment	-	(146,446)
Net Cash Provided by (Used in) Investing Activities	98,779	(455,410)
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program loan	-	93,784
Net Cash Provided by Financing Activities	-	93,784
Effect of Exchange Rate Changes on Cash	(672,419)	(100,026)
Net Increase in Cash and Cash Equivalents	1,662,257	899,076
Cash and Cash Equivalents, beginning of year	8,692,524	7,793,448
Cash and Cash Equivalents, end of year	\$ 10,354,781	\$ 8,692,524
Supplemental Disclosure of Cash Flow Information		
Derecognition of deferred rent	\$ (52,857)	-
Right-of-use assets acquired through operating leases on adoption of leases Topic 842	485,348	-

See accompanying notes to consolidated financial statements.

The Global Hunger Project and Affiliates

Notes to Consolidated Financial Statements

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. The Hunger Project 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 2022, The Hunger Project 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. The Hunger Project believes that empowered communities, led by confident local leaders, are best able to produce lasting results.

Programs

The pillars of The Hunger Project'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, The Hunger Project's Epicenter Strategy mobilizes clusters of rural villages into "epicenters," which band together 5,000-15,000 people to carry out community-led integrated strategies to meet basic needs. Community members at epicenters create and run their own development programs, culminating in sustainable self-reliance. At the end of 2022, 75 The Hunger Project epicenters had declared self-reliance, meaning nearly 1.2 million 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

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Hunger Project is now their own, complete with goal setting and measures of their own success and sustainability.

South Asia

In India, The Hunger Project 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, The Hunger Project facilitates regional-level Organizations of women leaders to strengthen their voice and provide a platform for learning and exchange. Recognizing the importance of enrolling the next generation empowerment programs, The Hunger Project's work in India also places an emphasis on the rights of girls, particularly regarding the harmful cycle of child marriage. The Adolescent Girls (AG) Program, started in 2016, teaches girls life skills, how to engage meaningfully with governance systems, raises awareness about their rights and highlights the importance of active citizenship in local village councils (Panchayats).

In Bangladesh, The Hunger Project mobilizes local “animators” (trained volunteers), youth, women leaders, and local government representatives across 166 unions, encompassing nearly 8,750 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, The Hunger Project supports community-led development initiatives, focusing on the people who are the most marginalized, particularly indigenous women. In Mexico, The Hunger Project supports communities to achieve their community-owned visions, including work to ignite sustainable local entrepreneurship, build productive relationships with local government, empower women and girls with leadership development and support networks, and food security and nutrition workshops. In Peru, The Hunger Project works with a partner organization, Chirapaq, a coalition of indigenous organizations who are promoting access to opportunities, the exercise of women's and indigenous rights and collaboration with local and regional governments.

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, The Hunger Project 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, The Hunger Project catalyzed the formation of a global Movement for Community-Led Development (Movement) in 2015. The alliance, which has now grown to more than 100 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

The Hunger Project delivers and supports programs through affiliated entities in Africa, South Asia, and Latin America, referred to as Program Countries. The Hunger Project works in Bangladesh,

The Global Hunger Project and Affiliates

Notes to Consolidated Financial Statements

Benin, Burkina Faso, Ethiopia, India, Ghana, Malawi, Mexico, Mozambique, Peru, Senegal, Uganda, and Zambia.

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

2. Principles of Consolidation

These consolidated financial statements report the consolidated activities of The Global 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 (GAAP). The consolidation is required since the 14 entities are related through shared economic interest, board members, and management. Since both The Global Hunger Project 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 The Global Hunger Project 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 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.

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Notes to Consolidated Financial Statements

These classes are defined as follows:

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

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

Cash and Cash Equivalents

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 \$4,660,651 and \$5,355,904 at December 31, 2022 and 2021, 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 \$2,263,603 and \$2,370,241 at December 31, 2022 and 2021, respectively, as well as contributions due from third parties of \$6,377,900 and \$6,945,805 as of December 31, 2022 and 2021, 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, 2022 and 2021, the allowance for doubtful accounts on the contributions receivable was \$8,000 and \$23,550, respectively. The discount to present value at December 31, 2022 and 2021 was \$130,943 and \$39,294, respectively.

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Notes to Consolidated Financial Statements

Microfinance Loans

Microfinance 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, 2022 and 2021 was \$3,428 and \$2,511, 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 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 \$516,868 and \$707,433 as of December 31, 2022 and 2021, respectively, which are not subject to the provisions of fair value measurements, as they are recorded at cost.

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Notes to Consolidated Financial Statements

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 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, 2022 and 2021.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets amounted to \$411,081 and \$487,986 at December 31, 2022 and 2021, respectively. Included in these amounts are deposits, pre-payments, and other assets in Program Countries totaling \$165,256 and \$228,123 at December 31, 2022 and 2021, respectively, and are included in the consolidated statements of financial position.

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.

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The following summarizes THP's contributed nonfinancial assets:

December 31, 2022

	Revenue Recognition	Donor Restrictions	Valuation Techniques and Inputs
Donated legal services	\$ 468,840	No associated donor restrictions	Valued based on prevailing rates of professional time
Total	\$ 468,840		

December 31, 2021

	Revenue Recognition	Donor Restrictions	Valuation Techniques and Inputs
Donated legal services	\$ 58,913	No associated donor restrictions	Valued based on prevailing rates of professional time
Total	\$ 58,913		

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.

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. The net amounts of \$676,296 and \$38,162 for the years ended December 31, 2022 and 2021, respectively, include gains and losses on foreign exchange translations and transactions during the years then ended.

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

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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 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, 2022 and 2021, 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.

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, 2021 have been reclassified to conform to the current-year presentation.

Recently Adopted Accounting Pronouncements

Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (ASC 842)*, which discusses how an entity should account for lease assets and lease liabilities. The guidance specifies that an entity who is a lessee under lease

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agreements should recognize lease assets and lease liabilities for those leases classified as operating leases under previous FASB guidance. THP adopted the guidance on January 1, 2022, using the transition method provided by ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, THP applied the new requirements to only those leases that existed as of January 1, 2022, rather than at the earliest comparative period presented in the consolidated financial statements. Prior periods will be presented under the existing lease guidance. Upon transition, THP applied the package of practical expedients permitted under the ASC 842 transition guidance. As a result, THP did not reassess (1) whether expired or existing contracts contain leases under the new definition of a lease, including whether an existing or expired contract contains an embedded lease, (2) lease classification for expired or existing leases, and (3) any initial direct costs of existing leases. Additionally, THP did not elect the hindsight practical expedient to determine the applicable term for leases within THP's lease population. As a result of the adoption of ASC 842, THP recorded a right-of-use asset and corresponding lease liability of \$321,353 and \$360,860, respectively. See Note 10 for additional information.

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 (Topic 958)*. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021. The Organization adopted this ASU as of January 1, 2022. The adoption of this ASU did not have a material impact on the consolidated financial statements

Accounting Pronouncements Issued but Not Yet Adopted

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

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

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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>	2022	2021
Cash and cash equivalents	\$ 10,354,781	\$ 8,692,524
Contributions receivable, current portion	5,457,176	5,181,718
Microfinance loans, net	18,069	18,594
Investments, current portion	-	313,105
Total Financial Assets Available	15,830,026	14,205,941
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time	9,784,825	9,893,296
Microfinance cash and cash equivalents and loans	40,559	41,374
Total Financial Assets Unavailable for General Expenditures	9,825,384	9,934,670
Total Financial Assets Available to Management for General Expenditures Within One Year	\$ 6,004,642	\$ 4,271,271

Liquidity Management

THP has \$6,004,642 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 \$22,490 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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Notes to Consolidated Financial Statements

5. Contributions Receivable, Net

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

<i>December 31,</i>	2022		2021	
United States	\$	5,712,743	\$	6,252,013
Affiliated Partner Countries		2,263,603		2,370,241
Africa		552,462		530,267
South Asia		110,957		163,237
Latin America		1,738		288
		8,641,503		9,316,046
Less:				
Provision for doubtful accounts		(8,000)		(23,550)
Discount to present value		(130,943)		(39,294)
	\$	8,502,560	\$	9,253,202

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

Contributions receivable consists of the following:

<i>December 31,</i>	2022		2021	
Contributions in less than one year	\$	5,457,176	\$	5,181,718
Contributions in one to five years		3,184,327		4,134,328
	\$	8,641,503	\$	9,316,046

6. Microfinance Loans, Net

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

<i>December 31,</i>	2022		2021	
Mozambique	\$	21,497	\$	21,105
		21,497		21,105
Less: allowance for doubtful loans		(3,428)		(2,511)
	\$	18,069	\$	18,594

Gross amount of loan assets consisted of the following:

	Balance, December 31, 2021	Additions	Loans Written-Off	Collections	Balance, December 31, 2022
Mozambique	\$ 21,105	\$ 392	\$ -	\$ -	\$ 21,497
	\$ 21,105	\$ 392	\$ -	\$ -	\$ 21,497

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

	Balance, December 31, 2021	Loans Written-Off Against Allowance	Provision for Loan Losses	Allowance, December 31, 2022
Mozambique	\$ (2,511)	\$ -	\$ (917)	\$ (3,428)
	\$ (2,511)	\$ -	\$ (917)	\$ (3,428)

	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)

All loans outstanding at December 31, 2022 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, 2022

	Accrues Interest					Interest Does Not Accrue	Balance
	Current	Over 30 days	Over 90 days	Over 180 days	Over 270 days	Over 1 year	
Mozambique	\$ 10,668	\$ -	\$ -	\$ -	\$ -	\$ 10,829	\$ 21,497
	\$ 10,668	\$ -	\$ -	\$ -	\$ -	\$ 10,829	\$ 21,497

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	\$ -	\$ -	\$ -	\$ -	\$ 10,193	\$ 21,105
	\$ 10,912	\$ -	\$ -	\$ -	\$ -	\$ 10,193	\$ 21,105

Savings deposits consist of the following:

December 31,	2022	2021
Mozambique	\$ 22,490	\$ 22,780
	\$ 22,490	\$ 22,780

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Notes to Consolidated Financial Statements

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 is \$38,405 and \$39,258 as of December 31, 2022 and 2021, respectively, related to the microfinance program. 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, 2022 and 2021, no known restrictions exist.

Please refer to Note 16 for additional information on THP's Microfinance Programs.

7. Investments, at Cost

Investments, at cost consist of the following:

<i>December 31,</i>	2022	2021
Bangladesh fixed deposits	\$ 278,889	\$ 313,105
India fixed deposits	237,979	394,328
	\$ 516,868	\$ 707,433

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Notes to Consolidated Financial Statements

8. Property and Equipment, Net

Property and equipment, net, consists of the following:

December 31, 2022

	United States	Program Countries	Total
Leasehold improvements	\$ 6,853	\$ -	\$ 6,853
Furniture and equipment	130,710	1,436,851	1,567,561
	137,563	1,436,851	1,574,414
Less: accumulated depreciation and amortization	(133,681)	(1,141,046)	(1,274,727)
	\$ 3,882	\$ 295,805	\$ 299,687

December 31, 2021

	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

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was \$108,970 and \$160,951, respectively.

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Notes to Consolidated Financial Statements

9. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions are as follows:

	Balance, December 31, 2021	Additions	Released	Balance, December 31, 2022
With donor restrictions:				
Time restricted	\$ 2,579,063	\$ 565,418	\$ (880,906)	\$ 2,263,575
Purpose restricted:				
Passed through from the U.S.	3,943,259	3,609,588	(2,242,986)	5,309,861
Bangladesh	417,773	1,544,624	(1,574,911)	387,486
Benin	334,256	401,312	(640,369)	95,199
Burkina Faso	301,974	283,652	(496,438)	89,188
Ethiopia	135,567	677,100	(491,320)	321,347
Ghana	199,255	727,363	(790,533)	136,085
India	367,674	1,246,345	(1,449,230)	164,789
Malawi	973,650	2,465,005	(3,088,240)	350,415
Mexico	35,952	295,863	(152,598)	179,217
Mozambique	78,147	225,377	(85,453)	218,071
Senegal	108,855	145,700	(204,533)	50,022
Uganda	315,444	1,190,494	(1,311,183)	194,755
Zambia	102,427	81,647	(159,259)	24,815
	\$ 9,893,296	\$ 13,459,488	\$ (13,567,959)	\$ 9,784,825

	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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10. Operating Lease

As detailed in Note 2, THP adopted ASU 2016-02, *Accounting for Leases (Topic 842)*, effective January 1, 2022. THP leases certain property under operating leases. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

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.

For leases with initial terms greater than a year (or initially, greater than one year remaining under the lease at the date of adoption of ASU 2016-02), THP records the related right-of-use asset and liability at the present value of the lease payments to be paid over the life of the related lease. THP's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use asset and liability, unless the variable lease payments depend on an index or rate or are, in substance, fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use asset and liability, unless THP is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, THP has elected to use a risk-free discount rate, determined using a period comparable with that of the lease term. The Organization has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASU 2016-02. As such, THP accounts for the applicable non-lease components together with the related lease components when determining the right-of-use asset and liability.

THP has made an accounting policy election not to record leases with an initial term of less than a year as right-of-use asset and liability.

The following tables summarize information related to the lease asset and liability:

Year ended December 31, 2022

Lease cost:		
Operating lease cost	\$	183,458
Other information:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	\$	196,808
Weighted-average remaining lease term - operating lease (years)		1.83
Weighted-average discount rate - operating lease (%)		4.25

December 31, 2022

Right-of-use asset and liability:		
Right-of-use asset - operating lease	\$	321,353
Lease liability - operating lease		360,860

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For operating leases, right-of-use asset and lease liability are recorded in operating lease liability in the accompanying consolidated statement of financial position.

The following table reconciles the undiscounted operating lease payments to the lease liability recorded on the accompanying consolidated statement of financial position at December 31, 2022:

Year ending December 31,

2023	\$	202,716
2024		173,130
Total Lease Payments		375,846
Less: imputed interest		(14,986)
Total Operating Lease Liability	\$	360,860

Occupancy expense for Program Country entities are incurred on a month-to-month basis. United States rent expense for the years ended December 31, 2022 and 2021 was \$183,458 and \$183,041, respectively. The Program Country entities have a combined occupancy expense, including rent expense, for the years ended December 31, 2022 and 2021 of \$477,398 and \$387,488, 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, 2022 and 2021, the total expense for the Plan contributions was \$225,862 and \$122,424, 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, 2022 and 2021.

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, 2022 and 2021 was \$1,658,496 and \$1,598,773, respectively.

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14. Related Parties

During the years ended December 31, 2022 and 2021, revenue received from both board members and THP executive staff were \$660,479 and \$445,884, respectively, and are included in the accompanying consolidated statements of activities. Contributions receivable from board members and THP executive staff were \$175,000 at December 31, 2022 and 2021 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 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. 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 African 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 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

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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.

As of December 31, 2022 and 2021, THP had one microfinance program operating in Mozambique with total net assets of \$38,405 and \$39,258, respectively.

17. Subsequent Events

For purposes of determining the effects of subsequent events on these consolidated financial statements, management has evaluated events through June 30, 2023, the date on which the consolidated financial statements were available to be issued.