

# The Global Hunger Project and Affiliates

Consolidated Financial Statements  
Years Ended December 31, 2023 and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **The Global Hunger Project and Affiliates**

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Consolidated Financial Statements  
Years Ended December 31, 2023 and 2022

# 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, 2023 and 2022, 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, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *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 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, P.C.*

July 18, 2024

# The Global Hunger Project and Affiliates

## Consolidated Statements of Financial Position

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 3 and 4)	\$ 10,912,481	\$ 10,354,781
Contributions receivable, current portion (Notes 3, 4, 5, and 14)	4,992,744	5,457,176
Microfinance loans, net (Notes 3, 4, and 6)	18,069	18,069
Investments, current portion (Notes 3, 4, and 7)	6,311,798	278,889
Prepaid expenses and other assets (Note 3)	635,091	411,081
<b>Total Current Assets</b>	<b>22,870,183</b>	<b>16,519,996</b>
Contributions Receivable, less current portion, net (Notes 3 and 5)	1,375,120	3,045,384
Investments, less current portion (Notes 3 and 7)	375,323	237,979
Cash Surrender Value of Life Insurance (Note 13)	1,718,307	1,658,496
Right-of-Use Asset - Operating Lease (Notes 3 and 10)	149,556	321,353
Property and Equipment, Net (Notes 3 and 8)	479,998	299,687
<b>Total Assets</b>	<b>\$ 26,968,487</b>	<b>\$ 22,082,895</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,507,630	\$ 1,621,061
Deferred revenue (Note 3)	1,863,490	802,236
Operating lease liability, current portion (Notes 3 and 10)	169,805	169,805
Other liabilities	-	106,344
<b>Total Current Liabilities</b>	<b>3,540,925</b>	<b>2,699,446</b>
Operating Lease Liability, net of current portion (Notes 3 and 10)	-	191,055
<b>Total Liabilities</b>	<b>3,540,925</b>	<b>2,890,501</b>
<b>Commitments and Contingencies</b> (Notes 10, 11, 12, 13, and 16)		
<b>Net Assets</b>		
Without donor restrictions	8,484,956	9,407,569
With donor restrictions (Notes 3 and 9)	14,942,606	9,784,825
<b>Total Net Assets</b>	<b>23,427,562</b>	<b>19,192,394</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 26,968,487</b>	<b>\$ 22,082,895</b>

*See accompanying notes to consolidated financial statements.*

# The Global Hunger Project and Affiliates

## Consolidated Statements of Activities

*Year ended December 31, 2023*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions (Note 3)	\$ 5,051,332	\$ 17,822,549	\$ 22,873,881
Contributed nonfinancial assets	544,453	-	544,453
Investment income, net	304,921	-	304,921
Other income	159,477	-	159,477
Net assets released from restrictions (Note 9)	12,664,768	(12,664,768)	-
<b>Total Support and Revenue</b>	<b>18,724,951</b>	<b>5,157,781</b>	<b>23,882,732</b>
<b>Expenses</b>			
Program services:			
Education and advocacy	953,334	-	953,334
Africa	8,097,313	-	8,097,313
South Asia	3,470,523	-	3,470,523
Latin America	974,566	-	974,566
Global programs	1,148,260	-	1,148,260
<b>Total Program Services</b>	<b>14,643,996</b>	<b>-</b>	<b>14,643,996</b>
Supporting services:			
Management and general	2,176,727	-	2,176,727
Fundraising	2,311,811	-	2,311,811
<b>Total Supporting Services</b>	<b>4,488,538</b>	<b>-</b>	<b>4,488,538</b>
<b>Total Expenses</b>	<b>19,132,534</b>	<b>-</b>	<b>19,132,534</b>
<b>Change in Net Assets, before foreign currency translation</b>	<b>(407,583)</b>	<b>5,157,781</b>	<b>4,750,198</b>
<b>Foreign Currency Translation</b>	<b>(515,030)</b>	<b>-</b>	<b>(515,030)</b>
<b>Change in Net Assets</b>	<b>(922,613)</b>	<b>5,157,781</b>	<b>4,235,168</b>
<b>Net Assets, beginning of year</b>	<b>9,407,569</b>	<b>9,784,825</b>	<b>19,192,394</b>
<b>Net Assets, end of year</b>	<b>\$ 8,484,956</b>	<b>\$ 14,942,606</b>	<b>\$ 23,427,562</b>

*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
<b>Support and Revenue</b>			
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)	-
<b>Total Support and Revenue</b>	<b>20,709,877</b>	<b>(108,471)</b>	<b>20,601,406</b>
<b>Expenses</b>			
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
<b>Total Program Services</b>	<b>15,462,814</b>	<b>-</b>	<b>15,462,814</b>
Supporting services:			
Management and general	1,945,513	-	1,945,513
Fundraising	2,586,900	-	2,586,900
<b>Total Supporting Services</b>	<b>4,532,413</b>	<b>-</b>	<b>4,532,413</b>
<b>Total Expenses</b>	<b>19,995,227</b>	<b>-</b>	<b>19,995,227</b>
<b>Change in Net Assets, before foreign currency translation</b>	<b>714,650</b>	<b>(108,471)</b>	<b>606,179</b>
<b>Foreign Currency Translation</b>	<b>(676,296)</b>	<b>-</b>	<b>(676,296)</b>
<b>Change in Net Assets</b>	<b>38,354</b>	<b>(108,471)</b>	<b>(70,117)</b>
<b>Net Assets, beginning of year</b>	<b>9,369,215</b>	<b>9,893,296</b>	<b>19,262,511</b>
<b>Net Assets, end of year</b>	<b>\$ 9,407,569</b>	<b>\$ 9,784,825</b>	<b>\$ 19,192,394</b>

See accompanying notes to consolidated financial statements.

**The Global Hunger Project and Affiliates**  
**Consolidated Statements of Functional Expenses**

*Year ended December 31, 2023*

	Program Services					Supporting Services				
	Education and Advocacy	Africa	South Asia	Latin America	Global Programs (Note 1)	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Program activities (Note 3)	\$ -	\$ 3,998,023	\$ 1,424,579	\$ 40,000	\$ 40,761	\$ 5,503,363	\$ -	\$ -	\$ -	\$ 5,503,363
Salaries and benefits	879,177	2,801,910	1,549,130	130,335	379,280	5,739,832	1,177,323	1,459,358	2,636,681	8,376,513
Professional services	41,531	168,162	95,359	326,637	256,057	887,746	418,113	360,296	778,409	1,666,155
In-kind expense	-	-	-	-	287,450	287,450	254,573	2,430	257,003	544,453
Office, conferences, and others	21,911	914,429	256,496	327,998	109,098	1,629,932	217,654	400,028	617,682	2,247,614
Travel and related costs	10,715	88,589	124,625	139,219	75,614	438,762	103,274	89,699	192,973	631,735
Depreciation and amortization	-	126,200	20,334	10,377	-	156,911	1,884	-	1,884	158,795
Provision for doubtful pledges	-	-	-	-	-	-	3,906	-	3,906	3,906
<b>Total Expenses</b>	<b>\$ 953,334</b>	<b>\$ 8,097,313</b>	<b>\$ 3,470,523</b>	<b>\$ 974,566</b>	<b>\$ 1,148,260</b>	<b>\$ 14,643,996</b>	<b>\$ 2,176,727</b>	<b>\$ 2,311,811</b>	<b>\$ 4,488,538</b>	<b>\$ 19,132,534</b>

*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
<b>Total Expenses</b>	<b>\$ 1,405,752</b>	<b>\$ 8,975,298</b>	<b>\$ 4,539,374</b>	<b>\$ 542,390</b>	<b>\$ 15,462,814</b>	<b>\$ 1,945,513</b>	<b>\$ 2,586,900</b>	<b>\$ 4,532,413</b>	<b>\$ 19,995,227</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>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 4,235,168	\$ (70,117)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	158,795	108,970
Epicenter disposal	-	178,824
Gain on sale or other disposal of long-term assets	(27,068)	-
Non-cash lease expense	171,797	163,995
Unrealized/realized loss on foreign currency exchange rates	53,852	52,094
Translation of foreign currency	515,030	676,296
Change in discount on multi-year pledges	(75,408)	91,649
Decrease (increase) in:		
Contributions receivable, net	2,157,346	560,642
Microfinance loans, net	-	525
Cash surrender value of life insurance	(59,811)	(59,723)
Other current assets	(296,460)	17,625
Increase (decrease) in:		
Accounts payable and accrued expenses	(45,787)	473,873
Deferred revenue	1,130,358	218,792
Principal reduction in operating lease liability	(191,055)	(177,345)
Other liabilities	(10,781)	(203)
<b>Net Cash Provided by Operating Activities</b>	<b>7,715,976</b>	<b>2,235,897</b>
<b>Cash Flows from Investing Activities</b>		
Net proceeds from sale of investments	-	122,649
Purchases of investments	(6,185,527)	(25,203)
Net proceeds from disposals of property and equipment	40,478	1,333
Purchases of property and equipment	(367,894)	-
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(6,512,943)</b>	<b>98,779</b>
<b>Effect of Exchange-Rate Changes on Cash</b>	<b>(645,333)</b>	<b>(672,419)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>557,700</b>	<b>1,662,257</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>10,354,781</b>	<b>8,692,524</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 10,912,481</b>	<b>\$ 10,354,781</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
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

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### 1. Description of Organization

#### *Nature of Activities*

The Global Hunger Project is a non-profit organization with a vision of creating a world without hunger. 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.

THP facilitates individual and collective action to transform the systems of inequity that create hunger and cause it to persist. The Hunger Project's programs currently reach more than 12.3 million people with sustainable, gender-focused, holistic development strategies that address the root causes of hunger and poverty. In 2023, The Hunger Project worked with over 9,500 communities throughout Africa, South Asia, and Latin America.

THP utilizes a community-led development approach that recognizes the transformative power of community-owned vision and local leadership, which drives systemic change and lasting results. The pillars of The Hunger Project's programs are: (1) Start with empowered women as key change agents; (2) Mobilize entire communities into self-reliant action; and (3) Foster effective partnerships with local government.

#### *A Summary of THP's 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 to 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 across sectors such as food security, nutrition, health, education, women's leadership, income-generation, and climate resilience. At the end of 2023, 78 epicenters had declared self-reliance after a multi-year partnership with The Hunger Project, meaning over 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 and continue to make sustainable progress. In addition to epicenter sites, special project sites across Africa also utilize The Hunger Project's core mobilization methodologies in community mobilization and leadership development for sector-specific outcomes, such as community reforestation, nutrition, meaningful access to internet, inclusion of people with disabilities, water and sanitation, land conservation, and agricultural entrepreneurship.

##### *South Asia*

In India, THP works with empowered women interested in being elected to local government positions to meet the development needs of their communities. Across six states, The Hunger Project supports the leadership development of women leaders in local village councils (panchayats), each of them champions for gender equality, social and economic development, and

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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nutrition. THP's Adolescent Girls Program teaches girls life skills, their rights, and the importance of active citizenship.

In Bangladesh, THP mobilizes local “animators” (trained volunteers), youth, women leaders, and local government representatives across 166 unions, encompassing nearly 2,850 communities, to support peaceful, effective local democracy and meet the Sustainable Development Goals (SDGs). Community partners design and implement holistic, bottom-up strategies focused on nutrition, active citizenship, peace, income generation, climate resilience, girls' rights, and more in order 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, The Hunger Project supports communities to achieve their community-owned visions, including work to ignite sustainable local entrepreneurship, build effective relationships with local government, empower women and girls with leadership development and support networks, indigenize food systems, promote economic resilience, and ensure food security and nutrition. 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*

THP's program activities prioritize educating and mobilizing individuals and organizations to create commitment among a critical mass to a world without hunger and to transform thinking in centers of power. This includes public awareness campaigns around international days of significance like World Food Day, International Women's Day, and a special day created by The Hunger Project, World Hunger Day. It also includes hosting events and workshops and participating in national and international forums to promote gender-focused, community-led approaches to development, as well as the importance of systems change efforts that are holistic and address the root causes of hunger.

### *Global Programs*

The Hunger Project drives its programmatic strategy and institutional partnerships at a global level, with an aligned strategic framework and global collaboration that is committed to accelerate impact by amplifying voices and reimagining systems for the benefit of people and planet. THP's strategic framework identifies five imperatives, or themes, that are essential to recognize and work with in this era: food and nutrition, gender, climate, technology and conflict. In addition, the strategic framework identifies three “accelerators,” or areas of action with the potential to rapidly transform policies, practices and resource flows. These “accelerators” are: amplifying collective voice, amplifying the power of next generational leadership, and amplifying engagement with the private sector. Global Programs also includes work to monitor, evaluate, and learn from cross-country collaboration and track institutional metrics.

The Hunger Project participates as an active leader in the global Movement for Community-Led Development (Movement), whose formation was catalyzed by The Hunger Project in 2015. This alliance has grown into a network of networks, with national associations around the world, committed to influencing the paradigm of international development to shift power and resources

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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into the hands of local communities. The Movement collects and disseminates methodologies, practices, and the experiences of its members to promote learning, exchange and an established body of evidence to facilitate influence efforts.

### *Departmental Structure*

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

THP cooperates with partner entities in high-income countries that use the name The Hunger Project, referred to as Partner Country entities, to jointly fund programs. The 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 Countries, 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 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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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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 The Global Hunger Project 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 consolidated statements 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 \$6,140,787 and \$4,660,651 at December 31, 2023 and 2022, 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 \$2,246,492 and \$2,263,603 at December 31, 2023 and 2022, respectively, as well as contributions due from third parties of \$4,188,304 and \$6,377,900 as of December 31, 2023 and 2022, 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.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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As of December 31, 2023 and 2022, the allowance for doubtful accounts on the contributions receivable was \$11,397 and \$8,000, respectively. The discount to present value at December 31, 2023 and 2022 was \$55,535 and \$130,943, respectively.

### ***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, 2023 and 2022 was \$3,428 for both years.

### ***Investments, at Fair Value***

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 consolidated statement of financial position date and for which a model was derived for valuation.

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

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

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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All of investment assets from the global office totaling \$6,024,286 at December 31, 2023 are in certificates of deposits and are classified as Level 1. Each of these investments can be liquidated daily. The valuation is based on Level 1 inputs within the hierarchy used in measuring fair value. These investments are stated at their fair values in the consolidated statements of financial position. At December 31, 2023, cost plus interest approximates fair value.

Investments from Program Countries consist of fixed-deposit receipts and other deposits totaling \$662,835 and \$516,868 as of December 31, 2023 and 2022, 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 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, 2023 and 2022.

### ***Prepaid Expenses and Other Assets***

Prepaid expenses and other assets amounted to \$635,091 and \$411,081 at December 31, 2023 and 2022, respectively. Included in these amounts are deposits, pre-payments, and other assets in Program Countries totaling \$242,139 and \$165,256 at December 31, 2023 and 2022, respectively, which 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

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

At December 31, 2023 and 2022, total contributions amounted to \$22,873,881 and \$19,858,539, respectively. During 2023, THP received \$5,367,663 in unconditional contributions from The Church of Jesus Christ of Latter-Day Saints to support THP's programs in various Program Country entities. The related program expenses are expected to be incurred in the years 2024 and 2025. These contributions are included in THP's net assets with donor restrictions in the accompanying consolidated statements of financial position.

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.

The following summarizes THP's contributed nonfinancial assets:

### ***December 31, 2023***

	Revenue Recognition	Donor Restrictions	Valuation Techniques and Inputs
Donated legal services	\$ 544,453	No associated donor restrictions	Valued based on prevailing rates of professional time
<b>Total</b>	<b>\$ 544,453</b>		

### ***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
<b>Total</b>	<b>\$ 468,840</b>		

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 are generally measured using the local currency as the functional currency. For the Program Country entities' operations, with respect to which the

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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functional currencies are Indian Rupee, Bangladeshi Taka, Ghanaian New Cedi, etc., assets and liabilities are translated into U.S. dollars (the reporting currency) 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 \$(515,030) and \$(676,296) for the years ended December 31, 2023 and 2022, 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 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 (IRS) 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 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 IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended December 31, 2023 and 2022, 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 amounts included in the fiscal year 2022 consolidated financial statements have been reclassified to conform to the fiscal year 2023 presentation.

### *Recently Adopted Accounting Pronouncements*

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

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (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. The adoption of this ASU did not have a material impact on the consolidated financial statements.

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# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### 4. Liquidity and Availability of Resources

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

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 10,912,481	\$ 10,354,781
Contributions receivable, current portion	4,992,744	5,457,176
Microfinance loans, net	18,069	18,069
Investments, current portion	6,311,798	278,889
<b>Total Financial Assets Available</b>	<b>22,235,092</b>	<b>16,108,915</b>
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time	13,567,486	6,739,441
Microfinance cash and cash equivalents and loans	40,557	40,559
<b>Total Financial Assets Unavailable for General Expenditures</b>	<b>13,608,043</b>	<b>6,780,000</b>
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b>\$ 8,627,049</b>	<b>\$ 9,328,915</b>

#### *Liquidity Management*

THP has \$8,627,049 of financial assets available within one year of the consolidated statement of financial position date to meet cash needs for general expenditures. THP receives significant contributions and contributions receivable restricted by donors, and considers contributions restricted for programs, which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures in the Program Country specified in the restriction. Financial assets from microfinance programs are restricted to the microfinance programs. Microfinance programs require that there be cash available to cover savings accounts for those epicenters that require a savings deposit from a borrower. Included in the cash and cash equivalents is \$22,488 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 over a multi-year period taking into consideration timing difference in revenue and expenditure for multi-year restricted grants. THP anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

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# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

### 5. Contributions Receivable, Net

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

<i>December 31,</i>	<b>2023</b>		<b>2022</b>	
United States	\$	3,587,196	\$	5,712,743
Affiliated partner countries		2,246,492		2,263,603
Africa		339,870		552,462
South Asia		260,984		110,957
Latin America		254		1,738
		<b>6,434,796</b>		<b>8,641,503</b>
Less:				
Provision for doubtful accounts		(11,397)		(8,000)
Discount to present value		(55,535)		(130,943)
	\$	<b>6,367,864</b>	\$	<b>8,502,560</b>

Contributions receivable are discounted using the present value of future cash flows with rates ranging from 3.867% to 4.23%.

Contributions receivable consist of the following:

<i>December 31,</i>	<b>2023</b>		<b>2022</b>	
Contributions in less than one year	\$	4,992,744	\$	5,457,176
Contributions in one to five years		1,442,052		3,184,327
	\$	<b>6,434,796</b>	\$	<b>8,641,503</b>

### 6. Microfinance Loans, Net

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

<i>December 31,</i>	<b>2023</b>		<b>2022</b>	
Mozambique	\$	21,497	\$	21,497
		21,497		21,497
Less: allowance for doubtful loans		(3,428)		(3,428)
	\$	<b>18,069</b>	\$	<b>18,069</b>

Gross amount of loan assets consisted of the following:

	Balance, December 31, 2022	Additions	Loans Written off	Collections	Balance, December 31, 2023
Mozambique	\$ 21,497	\$ -	\$ -	\$ -	\$ 21,497
	\$ 21,497	\$ -	\$ -	\$ -	\$ 21,497

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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

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

	Balance, December 31, 2022	Loans Written off Against Allowance	Provision for Loan Losses	Allowance, December 31, 2023
Mozambique	\$ (3,428)	\$ -	\$ -	\$ (3,428)
	\$ (3,428)	\$ -	\$ -	\$ (3,428)

	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)

All loans outstanding at December 31, 2023 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, 2023

	Accrues Interest					Interest Does Not Accrue	Balance
	Current	Over 30 Days	Over 90 Days	Over 180 Days	Over 270 Days	Over One Year	
Mozambique	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,497	\$ 21,497
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,497	\$ 21,497

### December 31, 2022

	Accrues Interest					Interest Does Not Accrue	Balance
	Current	Over 30 Days	Over 90 Days	Over 180 Days	Over 270 Days	Over One Year	
Mozambique	\$ 10,668	\$ -	\$ -	\$ -	\$ -	\$ 10,829	\$ 21,497
	\$ 10,668	\$ -	\$ -	\$ -	\$ -	\$ 10,829	\$ 21,497

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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Savings deposits consist of the following, which are included in cash and cash equivalents on the consolidated statements of financial position:

<i>December 31,</i>	<b>2023</b>		<b>2022</b>	
Mozambique	\$	<b>22,488</b>	\$	22,490
	\$	<b>22,488</b>	\$	22,490

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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 net assets without donor restrictions is \$21,497 as of December 31, 2023 and 2022 related to the microfinance program. These net assets without donor restrictions may be subject to restrictions based upon laws and requirements in each of the countries where the microfinance program operates. At December 31, 2023 and 2022, no known restrictions exist.

## **7. Investments**

Investments consist of the following:

<i>December 31,</i>	<b>2023</b>		<b>2022</b>	
Bangladesh fixed deposits, at cost	\$	<b>287,512</b>	\$	278,889
India fixed deposits, at cost		<b>375,323</b>		237,979
U.S. office certificates of deposits, at fair value		<b>6,024,286</b>		-
	\$	<b>6,687,121</b>	\$	516,868

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THP has investments in certificate of deposits with original maturities of greater than three months from the date of purchase, which THP consider to be short-term and long-term (maturities greater than one year from the consolidated financial position date) investments. The certificates of deposit represent interest-bearing cash accounts and are categorized as Level 1 within the fair value hierarchy. At December 31, 2023, interest income related to the certificate of deposits totaled \$113,976.

Investments from program countries consist of fixed-deposit receipts and other deposits totaling \$662,835 and \$516,868 as of December 31, 2023 and 2022, respectively, which are not subject to the provisions of fair value measurements, as they are recorded at cost. At December 31, 2023, interest income related to the fixed deposits totaled \$130,996.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

### 8. Property and Equipment, Net

Property and equipment, net, consists of the following:

#### *December 31, 2023*

	United States	Program Countries	Total
Leasehold improvements	\$ 6,853	\$ -	\$ 6,853
Furniture and equipment	130,710	1,974,296	2,105,006
	137,563	1,974,296	2,111,859
Less: accumulated depreciation and amortization	(135,564)	(1,496,297)	(1,631,861)
	\$ 1,999	\$ 477,999	\$ 479,998

#### *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

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was \$158,795 and \$108,970, respectively.

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# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

### 9. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions are as follows:

	Balance, December 31, 2022	Additions	Released	Balance, December 31, 2023
<b>With donor restrictions:</b>				
Time restricted	\$ 2,263,575	\$ 310,891	\$ (328,002)	\$ 2,246,464
<b>Purpose restricted:</b>				
Program Country entities	5,309,861	8,770,410	(5,372,327)	8,707,944
Bangladesh	387,486	490,924	(427,867)	450,543
Benin	95,199	763,512	(139,772)	718,939
Burkina Faso	89,188	563,075	(553,632)	98,631
Ethiopia	321,347	670,817	(622,294)	369,870
Ghana	136,085	1,032,751	(816,174)	352,662
India	164,789	1,305,172	(979,157)	490,804
Malawi	350,415	2,649,654	(2,169,946)	830,123
Mexico	179,217	341,587	(354,234)	166,570
Mozambique	218,071	27,108	(36,738)	208,441
Senegal	50,022	98,062	(29,493)	118,591
Uganda	194,755	722,254	(761,260)	155,749
Zambia	24,815	76,332	(73,872)	27,275
	<b>\$ 9,784,825</b>	<b>\$ 17,822,549</b>	<b>\$ (12,664,768)</b>	<b>\$ 14,942,606</b>

	Balance, December 31, 2021	Additions	Released	Balance, December 31, 2022
<b>With donor restrictions:</b>				
Time restricted	\$ 2,579,063	\$ 565,418	\$ (880,906)	\$ 2,263,575
<b>Purpose restricted:</b>				
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
	<b>\$ 9,893,296</b>	<b>\$ 13,459,488</b>	<b>\$ (13,567,959)</b>	<b>\$ 9,784,825</b>

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### 10. Operating Lease

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 a right-of-use asset and liability.

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

#### *Year ended December 31, 2023*

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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		202,716
Weighted-average remaining lease term - operating lease		10 months
Weighted-average discount rate - operating lease		4.25%

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#### *December 31, 2023*

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Right-of-use asset and liability:		
Right-of-use asset - operating lease	\$	149,556
Lease liability - operating lease		169,805

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# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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

The following table reconciles the undiscounted operating lease payments to the lease liability recorded on the accompanying consolidated statements of financial position at December 31, 2023:

*Year ending December 31,*

2024	\$	173,130
<b>Total Lease Payments</b>		173,130
Less: imputed interest		3,325
<b>Total Operating Lease Liability</b>	<b>\$</b>	<b>169,805</b>

Occupancy expense for Program Country entities is incurred on a month-to-month basis. United States rent expense for the years ended December 31, 2023 and 2022 was \$183,458 for both years. The Program Country entities have a combined occupancy expense, including rent expense, for the years ended December 31, 2023 and 2022 of \$544,196 and \$477,398, 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 discretionary contribution occurs 20% each year over five years. Vesting for employer matching contribution up to \$500 is 100% in year of contribution. For the years ended December 31, 2023 and 2022, the total expense for the Plan contributions was \$187,095 and \$225,862, 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, 2023 and 2022.

### 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, 2023 and 2022 was \$1,718,307 and \$1,658,496, respectively. Change in cash surrender value for the years ended December 31, 2023 and 2022 totaled \$59,811 and \$59,723, respectively.

# The Global Hunger Project and Affiliates

## Notes to Consolidated Financial Statements

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### 14. Related Parties

During the years ended December 31, 2023 and 2022, revenues received from both board members and THP executive staff were \$312,841 and \$660,479, respectively, and are included in the accompanying consolidated statements of activities. Contributions receivable from board members and THP executive staff were \$110,000 and \$175,000 at December 31, 2023 and 2022, respectively, and are included in the accompanying consolidated statements of financial position.

### 15. Subsequent Events

After being incubated as a program of THP, the Movement for Community-led Development (MCLD) spun-off as its own entity in 2024. On January 1, 2024, THP and (MCLD), a nonprofit corporation, entered into a transfer agreement. THP assigned, transferred, conveyed, and delivered to MCLD, and MCLD acquired, assumed, and accepted from THP, certain assets used exclusively by the Movement for Community-led Development Program (Program) as stated in the agreement. Concurrently, THP and MCLD entered into a grant agreement, where THP pledges to invest a total of \$1,500,000 (\$500,000 per year) of resources to MCLD for the period January 1, 2024 through December 31, 2026. THP's future funding will be directed to supporting the operating costs of support its growth and transformative impact.

On May 30, 2024, THP entered into a lease extension agreement with SWS Realty Co., LLC, for its office space in New York City. The current operating lease, which is set to expire on October 31, 2024, has been extended for an additional term of three years, commencing on November 1, 2024 and expiring on October 31, 2027 (Initial Extension Term). THP has one additional option to extend the term of the lease for three years beyond the Initial Extension Term upon written notice to the landlord delivered prior to the then-current lease expiration date.

For purposes of determining the effects of subsequent events on these consolidated financial statements, management has evaluated events through July 18, 2024, the date on which the consolidated financial statements were available to be issued.