

HUAIROU COMMISSION: WOMEN, HOMES, AND COMMUNITY

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Huirou Commission: Women, Homes & Community
Brooklyn, New York

Opinion

We have audited the financial statements of Huirou Commission: Women, Homes & Community, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Huirou Commission: Women, Homes & Community as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Huirou Commission: Women, Homes & Community 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Huirou Commission: Women, Homes & Community's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Huairou Commission: Women, Homes & Community's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Huairou Commission: Women, Homes & Community's 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.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
November 4, 2022

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 1,361,328	\$ 1,197,639
Accounts receivable	1,309	1,309
Grants receivable	-	3,400
Prepaid expenses	5,851	12,621
Total assets	\$ 1,368,488	\$ 1,214,969
LIABILITIES		
Accounts payable	\$ 54,092	\$ 27,367
Grants payable	-	20,000
Payroll liabilities	3,506	1,928
Refundable advance	405,935	353,338
Accrued expenses	12,785	12,785
Total liabilities	476,318	415,418
NET ASSETS		
Without donor restrictions	46,524	51,050
With donor restrictions (Note 7)	845,646	748,501
Total net assets	892,170	799,551
Total liabilities and net assets	\$ 1,368,488	\$ 1,214,969

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Grant revenue	\$ -	\$ 2,312,613	\$ 2,312,613
Contributions	42,199	-	42,199
Interest income	936	2,790	3,726
Exchange rate gain	878	32,443	33,321
Total revenues	44,013	2,347,846	2,391,859
EXPENSES			
Program services	2,003,021	-	2,003,021
Management and general	272,426	-	272,426
Fundraising	23,793	-	23,793
Total expenses	2,299,240	-	2,299,240
Net assets released from purpose restrictions	2,250,701	(2,250,701)	-
Change in net assets	(4,526)	97,145	92,619
Net assets at beginning of year	51,050	748,501	799,551
Net assets at end of year	\$ 46,524	\$ 845,646	\$ 892,170

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Grant revenue	\$ -	\$ 1,238,240	\$ 1,238,240
Contributions	19,456	390,250	409,706
In-kind contributions	264,010	-	264,010
Interest income	-	6,563	6,563
Other income	7,933	-	7,933
Exchange rate gain	-	36,429	36,429
Total revenues	291,399	1,671,482	1,962,881
EXPENSES			
Program services	1,833,995	-	1,833,995
Management and general	295,913	-	295,913
Fundraising	25,094	-	25,094
Total expenses	2,155,002	-	2,155,002
Net assets released from purpose restrictions	1,890,054	(1,890,054)	-
Change in net assets	26,451	(218,572)	(192,121)
Net assets at beginning of year	24,599	967,073	991,672
Net assets at end of year	\$ 51,050	\$ 748,501	\$ 799,551

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

	<u>Supporting Activities</u>			2021 Total
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Grants to others	\$ 1,355,068	\$ -	\$ -	\$ 1,355,068
Consultants	378,914	74,854	3,719	457,487
Payroll expenses	200,835	137,721	16,280	354,836
Occupancy	23,154	15,877	1,877	40,908
Professional fees	-	27,762	-	27,762
Employee benefits	13,041	8,942	1,057	23,040
Travel and meetings	21,408	-	-	21,408
Office expense and supplies	8,605	5,901	698	15,204
Other	1,996	1,369	162	3,527
Total expenses	\$ 2,003,021	\$ 272,426	\$ 23,793	\$ 2,299,240
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	2020 Total
Grants to others	\$ 1,032,929	\$ -	\$ -	\$ 1,032,929
Consultants (Note 5)	425,058	72,195	3,008	500,261
Payroll expenses	246,252	122,930	17,998	387,180
Occupancy	26,912	13,434	1,967	42,313
Professional fees	-	72,870	-	72,870
Employee benefits	18,240	9,105	1,333	28,678
Travel and meetings (Note 5)	73,828	-	-	73,828
Office expense and supplies	6,078	3,034	444	9,556
Other	4,698	2,345	344	7,387
Total expenses	\$ 1,833,995	\$ 295,913	\$ 25,094	\$ 2,155,002

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 92,619	\$ (192,121)
Adjustments to reconcile change in net assets to net change in cash		
(Increase) decrease in assets		
Accounts receivable	-	1,903
Grants receivable	3,400	(3,400)
Prepaid expenses	6,770	1,456
Increase (decrease) in liabilities		
Accounts payable	26,725	(7,951)
Grants payable	(20,000)	20,000
Payroll liabilities	1,578	839
Refundable advance	52,597	111,939
Due to others	-	(214)
Accrued expenses	-	3,000
Net change in cash	163,689	(64,549)
Cash at beginning of year	1,197,639	1,262,188
Cash at end of year	\$ 1,361,328	\$ 1,197,639

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Established in 1995 at the 4th World Conference on Women in Beijing, Huairou Commission: Women, Homes & Community ("The Commission"), was incorporated in New York State on November 18, 2003 as a global network of grassroots women's organizations, partner NGOs and allied networks focused on empowering women to publicly lead efforts that improve the quality of life for women, families and communities.

In 2018 the Commission formally changed its governance structure to ensure grassroots women leading local community development organizations are the majority of the network's 15-member decision making body: the Global Governing Council. This action was part of a larger change process resulting from the Commission's First Global Grassroots Women's Congress (GGWC). The GGWC involved representatives of 56 mature member organizations (travelling to represent their 28 countries as well as groups in their region) who voted on a range of organizational decisions including: appointing the new global governance team, setting new organizational governance rules (via by-laws), and outlining strategic directions and a social compact that affirm and advance shared commitments to cooperation and collective action.

A Global Governing Council (GGC), comprised of 15 members (10 leaders of grassroots women's organizations, 4 NGO representatives and 1 rotating representative from the 5 networks that founded the Commission) were elected, as was a GGC Chair. The GGC, in turn, selected Executive Committee officers from its members and confirmed the Executive Director of the Global Secretariat. In the 2018-2020 period the organization's planning, operating and communication structures will be adapted and updated to foster bottom up decision-making processes that ensure the Commission is governed by and accountable to its members.

Grants Receivable

Grants receivable are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional grants receivable are recognized only when the conditions on which they depend are substantially met and the contributions become unconditional. Contributions to be received in more than one year are discounted using an appropriate risk-adjusted rate if material to the financial statements.

Accounts Receivable

The Commission's accounts receivable generally consist of amounts due from other income. The Commission considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been developed. If accounts become uncollectible, they will be charged to operations when that determination is made.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contributions

Grants and Contributions received are recorded as increases in net assets with donor restrictions and without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Income Tax Status

The Commission is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, which are allocated on the basis of estimates of time and effort, and employee benefits, occupancy, and office expense and supplies, which are allocated based on personnel dollars. Other expenses are charged based upon the types of services performed and expenses incurred.

Program Services – The Commission’s program implementation work throughout 2021 and 2020 centered on distributing more than one million U.S. Dollars to grassroots women’s groups in 30+countries who were leading local climate and disaster resilience programs, and in 2020 Covid 19 relief and recovery organizing grants and other vulnerability-reduction activities. Grassroots members worked on a range of issues related to water and sanitation, access to healthcare services, food and livelihood security, as well as partnership and capacity building initiatives to strengthen impact. One example is how a member-led committee steered the Commission’s Covid 19 grant process to provide swift and urgent support to communities managing and reducing risks imposed by the pandemic. These funds supported collective action assessments and planning, community caregiving and self-help social protection activities as well as women-initiated collaboration with local governments to underscore how their grassroots groups are essential partners in effective local emergency response & long-term recovery.

Management and General – Includes the activities necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities, and perform other administrative functions.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and others.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Date of Management's Review

Management has evaluated subsequent events through November 4, 2022, the date which the financial statements were available to be issued.

NOTE 2—CONDITIONAL PROMISES TO GIVE

The Commission has been notified of certain promises to give; however, these amounts have not been recorded in the accompanying financial statements due to their conditional nature. Receipt of the funding is conditioned upon completion of satisfactory progress on project milestones, and receipt of matching funds, and incurring qualifying expenses. Conditional promises to give at December 31, 2021 and 2020 totaled \$4,051,959 and \$1,916,368, respectively.

NOTE 3 – SWISS FEDERAL DEPARTMENT OF FOREIGN AFFAIRS (COSUDE)

The Swiss Development Corporation (SDC) in Central America awarded the Commission a 3-year, one million USD grant award in November 2019 to enable its member groups in 5 countries to lead activities that reduce communities' vulnerability to disaster and climate risks, gender-based violence, and strengthen their relationships to relevant government agencies and officials. SDC, as a condition for disbursing the full 1 million USD grant, requires the Commission and its implementing member organizations (5) to contribute a 100% resource match to the SDC investment (\$1 million over the 3-year program period). Should the Commission fall short, SDC has the right to reduce its grant contribution accordingly. Payments of \$300,000 were received from COSUDE in both 2021 and 2020 in addition to \$349,970 received in 2019. The Commission raised matching funds of \$247,403, \$188,061 and \$108,571 during 2021, 2020 and 2019, which resulted in a refundable advance of \$405,935 and \$353,338 at December 31, 2021 and 2020.

NOTE 4—OPERATING LEASE

The Commission occupies offices at 249 Manhattan Avenue, Brooklyn, New York under a noncancellable operating lease which expired on March 1, 2020 and required monthly payments of \$2,694. This lease continued on a month-to-month basis after expiration. Rent expense for 2021 and 2020 was \$32,328 each year.

NOTE 5—IN-KIND CONTRIBUTIONS

The Commission received donated travel expenses valued at \$64,560 during 2020. All donated travel expenses were classified as travel and meetings expenses and were allocated to program expenses in the statements of functional expenses. During 2020, the Commission also received \$199,450 of in-kind Program Support for Huairou Commission Member Groups in Africa to support women to secure and manage land for resilient livelihoods and food security which is classified as consultants and allocated to program expenses in the statements of functional expenses.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6—CONTINGENCIES

Contributions from certain grants are subject to audits by funders, which may result in adjustments for disallowed costs. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

NOTE 7—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 and 2020 are available for the following purposes:

	2021	2020
Promoting Grassroots Women-Led Resilient Community Development & 2030 Sustainable Development Policies (SIDA)	\$ 414,856	\$ 340,152
Scaling Community Resilience Funds for Reducing Disaster Risk (MACP)	-	153,161
Power of Voices for All (OXFAM)	335,588	-
Building Critical Mass for Gender Just Climate Finance (NewVentureFund)	95,202	228,188
Reducing Vulnerability to Disaster, Climate Risks, and Violence (Swiss Department of Foreign Affairs: CAm)	-	11,233
Community Resilience Programming (GROOTS)	-	15,767
Net assets with donor restrictions	\$ 845,646	\$ 748,501

NOTE 8—CONCENTRATIONS

Concentrations of Credit Risk

The Commission maintains cash balances at one financial institution in New York. Accounts at these banks are insured by the Federal Deposit Insurance Corporations (FDIC) up to \$250,000. Balances in excess of FDIC limits uninsured at December 31, 2021 and 2020 were \$1,112,898 and \$952,070, respectively.

Concentrations of Funding Sources

The Commission received a majority of its funding from two grant contracts during 2021 and one grant contract during 2020 that made up 88% and 55%, respectively, of total revenue in each year.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 9—LIQUIDITY AND AVAILABILITY

The following represents the Commission's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions. General expenditures are defined as all budgeted programmatic and operational expenses.

	2021	2020
Cash	\$ 1,361,328	\$ 1,197,639
Grants receivable	-	3,400
Accounts receivable	1,309	1,309
Financial assets, at year-end	1,362,637	1,202,348
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(845,646)	(748,501)
Financial assets available to meet cash needs for general expenditures within one year	\$ 516,991	\$ 453,847

As part of the Commission's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that come due.