

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Member of
Huairou Commission Women, Home & Community

We have audited the accompanying financial statements of Huairou Commission Women, Home & Community (HCWHC), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, members' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conduct our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Huairou Commission Women, Home & Community as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Myron Yang CPA & Associates, PLLC

*Myron Yang CPA
& Associates, PLLC*

November 10, 2023
Flushing, New York

| HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY | | | | |
|---|---|--|--------------------|--------------------|
| STATEMENTS OF FINANCIAL POSITION | | | | |
| December 31, 2022 and 2021 | | | | |
| | | | 2022 | 2021 |
| ASSETS | | | | |
| | Cash | | \$1,803,762 | \$1,361,328 |
| | Accounts receivable | | 5,236 | 1,309 |
| | Prepaid expenses | | 696 | 5,851 |
| | Total assets | | \$1,809,694 | \$1,368,488 |
| LIABILITIES | | | | |
| | Accounts payable | | \$199,243 | \$54,092 |
| | Payroll liabilities | | 2,827 | 3,506 |
| | Refundable advance | | 181,194 | 405,935 |
| | Accrued expenses' | | 3,000 | 12,785 |
| | Total liabilities | | \$386,264 | 476,318 |
| NET ASSETS | | | | |
| | Without donor restrictions | | 49,868 | 46,524 |
| | With donor restrictions | | 1,373,563 | 845,646 |
| | Total net assets | | 1,423,431 | 892,170 |
| | Total liabilities and net assets | | \$1,809,694 | \$1,368,488 |

The accompanying notes are an integral part of this statement.

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| HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY | | | | | |
|---|---|--|-------------------------------|----------------------------|--------------------|
| STATEMENTS OF ACTIVITIES | | | | | |
| Year Ended December 31, 2022 and 2021 | | | | | |
| | | | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES | | | | | |
| | Grant revenue | | | 2,418,560 | 2,418,560 |
| | Contributions | | 70,777 | | 70,777 |
| | Interest Income | | 2,042 | 4,867 | 6,909 |
| | Exchange rate gain/(loss) | | | -20,907 | -20,907 |
| | Total revenues | | 72,819 | 2,402,520 | 2,475,339 |
| EXPENSES | | | | | |
| | Program services | | 1,623,330 | | 1,623,330 |
| | Management and general | | 298,871 | | 298,871 |
| | Fundraising | | 21,878 | | 21,878 |
| | Total expenses | | 1,944,078 | 0 | 1,944,078 |
| | Net assets released from purpose restrictions | | 1,874,603 | -1,874,603 | |
| | Change in net assets | | 3,344 | 527,917 | 531,260 |
| | Net assets at beginning of year | | 46,524 | 845,646 | 892,170 |
| | Net assets at end of year | | \$49,868 | \$1,373,563 | \$1,423,431 |

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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 |

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| HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY | | | | |
|---|-----------------------|------------------------|-----------------|--------------------|
| STATEMENTS OF FUNCTIONAL EXPENSES | | | | |
| Year Ended December 31, 2022 and 2021 | | | | |
| | Supporting Activities | | | |
| | Program Services | Management and General | Fundraising | 2022 Total |
| Grants to Others | \$1,016,269 | \$0 | \$0 | \$1,016,269 |
| Consultants | 362,416 | 88,008 | 3,906 | 454,330 |
| Payroll Expenses | 192,306 | 128,581 | 16,137 | 337,024 |
| Occupancy | 24,876 | 6,378 | 638 | 31,892 |
| Professional Fees | 0 | 65,374 | 0 | 65,374 |
| Employee Benefits | 8,461 | 5,657 | 710 | 14,828 |
| Travel and meetings | 0 | 0 | 0 | 0 |
| Office expenses and supplies | 18,360 | 4,708 | 471 | 23,539 |
| Other | 642 | 164 | 16 | 822 |
| Total Expenses | \$1,623,330 | \$298,870 | \$21,878 | \$1,944,078 |
| | Program Services | Management and General | Fundraising | 2021 Total |
| Grants to Others | \$1,355,068 | \$0 | \$0 | \$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 | 0 | 27,762 | 0 | 27,762 |
| Employee Benefits | 13,041 | 8,942 | 1,057 | 23,040 |
| Travel and meetings | 21,408 | 0 | 0 | 21,408 |
| Office expenses 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 |

The accompanying notes are an integral part of this statement.

| HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY | |
|---|------------------------|
| STATEMENTS OF CASH FLOWS | |
| Years Ended December 31, 2022 and 2021 | |
| | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ 531,260 |
| Adjustments to reconcile change in net assets to net change in cash | |
| (Increase) decrease in assets | |
| Accounts receivable | (3,927) |
| Grants receivable | 0 |
| Prepaid expenses | 5,155 |
| Increase (decrease) in liabilities | |
| Accounts payable | 40,150 |
| Grants payable | 105,000 |
| Payroll liabilities | (679) |
| Refundable advance | (224,741) |
| Due to others | 0 |
| Accrued expenses | (9,785) |
| Net change in cash | 442,433 |
| Cash at beginning of year | 1,361,328 |
| Cash at end of year | \$ 1,803,761.24 |

The accompanying notes are an integral part of this statement.

NOTE 1. ORGANIZATION

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.

Erase everything after council.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Huairou Commission Women, Home & Community is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Consolidation

The accompanying consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts have been eliminated in consolidation.

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Cash and Cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. The Company considers all demand deposits, money markets mutual fund, and securities with original maturity of three months or less from the date of acquisition to be cash equivalents.

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.

[The Commission's program implementation centered on distributing more than](#)

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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.

NOTE 3. 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, 2022 and 2021 totaled \$ 3,405,941 and \$4,051,959 respectively.

NOTE 4. CONCENTRATION OF CREDIT RISK

The Company maintains its cash accounts at commercial banks. The Federal Deposit Insurance Corporation (“FDIC”) insures up to \$250,000 for the total cash balances in each financial institution. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash deposited with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation. The Company believes it places cash balances with quality financial institutions, which limits its credit risk.

NOTE 5. RENTAL AGREEMENT

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 2022 and 2021 was \$31,717 and \$32,328.

NOTE 6. FINANCIAL ARRANGEMENTS (MANAGEMENT OF FUNDS)

Huairou Commission agrees to serve as Lumanti’s fiscal agent and handle on its behalf Bill and Melinda Gates Foundation funds totaling \$1,369,060 (One million Three Hundred Sixty-Nine thousand and Sixty U.S. dollars) over the 2023-2026 period. This revenue is strictly committed to 3 budget items: \$80,000 to Huairou to perform its role as fiscal agent for Lumanti during program; \$1,082,459 dedicated to the 6 FANSA members who are implementing the South Asian project as per the fund, and \$206,601 dedicated to the project’s Regional Activities.

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NOTE 7. 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 8. NET ASSETS WITH DONOR RESTRICTIONS

| | COSUDE | SIDA | SIDA 22 | OXFAM | Special Project/ADMIN | CJRF | CJRF Core | Gates | Net Assets with Donor Restricted |
|-------------------------|-----------|-----------|-----------|-----------|--------------------------|------|-----------|----------|--|
| 2022 Opening Net Asstes | - | 414,856 | | 335,588 | 46,528 | 929 | 94,273 | - | 845,646 |
| Add: Contributions | 224,741 | 142,142 | 393,980 | 974,116 | 70,777 | | 200,000 | 483,581 | 2,418,560 |
| Add: Exchange Gain/Loss | | - | 20,907 | | | | | | 20,907 |
| Add: Interest | 207.22 | 575.63 | 1,573.43 | 546.72 | 2,041.93 | | 1,964.26 | | 4,867 |
| Add: In Kind | | | | | | | | | - |
| Less: Expenses | - 285,044 | - 557,532 | - 186,981 | - 587,933 | - 10,252 | - | - 296,337 | - 20,000 | - 1,874,603 |
| Closing Net Assets | - 60,095 | 41 | 187,665 | 722,317 | 109,095 | 929 | 99 | 463,581 | 1,373,563 |

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.

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash | \$ 1,803,762 | \$ 1,361,328 |
| Accounts receivable | 5,236 | 1,309 |
| Prepaid expenses | 696 | 5,851 |
| Financial assets, at year-end | 1,809,694 | 1,368,488 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Contractual or donor-imposed restrictions: | | |
| Restricted by donor with purpose restrictions | (1,373,563) | (845,646) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 3,183,257 | \$ 2,214,134 |

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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.