

HUAIROU COMMISSION: WOMEN, HOMES, AND COMMUNITY

FINANCIAL STATEMENTS

December 31, 2019 and 2018

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Huirou Commission: Women, Homes & Community, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 entity'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 entity'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.

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 Huirou Commission: Women, Homes & Community as of December 31, 2019 and 2018, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Huairou Commission: Women, Homes & Community adopted the Financial Accounting Standards Board's Accounting Standards Update ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
November 5, 2020

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 1,262,188	\$ 929,747
Accounts receivable	3,212	24,408
Prepaid expenses	14,077	3,824
Total assets	\$ 1,279,477	\$ 957,979
LIABILITIES		
Accounts payable	\$ 35,318	\$ 26,175
Payroll liabilities	1,089	560
Refundable advance	241,399	-
Due to others	214	11,060
Accrued expenses	9,785	9,950
Total liabilities	287,805	47,745
NET ASSETS (DEFICIT)		
Without donor restrictions	24,599	(1,296)
With donor restrictions (Note 8)	967,073	911,530
Total net assets	991,672	910,234
Total liabilities and net assets	\$ 1,279,477	\$ 957,979

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Grant revenue	\$ -	\$ 1,193,118	\$ 1,193,118
Contributions	33,130	606,823	639,953
In-kind contributions	-	125,845	125,845
Interest income	6,429	9,916	16,345
Exchange rate gain	-	22,437	22,437
Total revenues	39,559	1,958,139	1,997,698
EXPENSES			
Program services	1,622,501	-	1,622,501
Management and general	184,182	-	184,182
Fundraising	109,577	-	109,577
Total expenses	1,916,260	-	1,916,260
Net assets released from purpose restrictions	1,902,596	(1,902,596)	-
Change in net assets	25,895	55,543	81,438
Net assets (deficit) at beginning of year	(1,296)	911,530	910,234
Net assets at end of year	\$ 24,599	\$ 967,073	\$ 991,672

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Grant revenue	\$ 45,167	\$ 1,171,443	\$ 1,216,610
Contributions	19,352	882,594	901,946
Program revenue	17,237	-	17,237
In-kind contributions	-	247,205	247,205
Interest income	1,642	-	1,642
Exchange rate loss	-	(51,017)	(51,017)
Total revenues	83,398	2,250,225	2,333,623
EXPENSES			
Program services	1,642,572	-	1,642,572
Management and general	291,616	-	291,616
Fundraising	54,814	-	54,814
Total expenses	1,989,002	-	1,989,002
Net assets released from purpose restrictions	1,909,969	(1,909,969)	-
Change in net assets	4,365	340,256	344,621
Net assets (deficit) at beginning of year	(5,661)	571,274	565,613
Net assets (deficit) at end of year	\$ (1,296)	\$ 911,530	\$ 910,234

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2019 and 2018

	<u>Supporting Activities</u>			2019 Total
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Grants to others	\$ 889,661	\$ -	\$ -	\$ 889,661
Travel and meetings (Note 5)	349,672	-	-	349,672
Payroll expenses	166,960	94,292	55,941	317,193
Consultants	167,203	7,801	37,217	212,221
Professional fees	-	54,414	-	54,414
Occupancy	21,130	11,933	7,079	40,142
Employee benefits	18,833	10,636	6,310	35,779
Office expense and supplies	6,917	3,906	2,318	13,141
Other	2,125	1,200	712	4,037
Total expenses	\$ 1,622,501	\$ 184,182	\$ 109,577	\$ 1,916,260
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	2018 Total
Grants to others	\$ 743,480	\$ -	\$ -	\$ 743,480
Travel and meetings (Note 5)	429,367	-	-	429,367
Payroll expenses	151,998	165,848	33,214	351,060
Consultants	233,187	62,716	15,679	311,582
Professional fees	-	25,125	-	25,125
Occupancy	31,250	8,013	801	40,064
Employee benefits	19,467	21,241	4,253	44,961
Office expense and supplies	16,684	4,278	428	21,390
Other	17,139	4,395	439	21,973
Total expenses	\$ 1,642,572	\$ 291,616	\$ 54,814	\$ 1,989,002

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 81,438	\$ 344,621
Adjustments to reconcile change in net assets to net cash flows from operating activities		
(Increase) decrease in assets		
Accounts receivable	21,196	5,073
Prepaid expenses	(10,253)	21,232
Increase (decrease) in liabilities		
Accounts payable	9,143	(27,705)
Payroll liabilities	529	(4,155)
Refundable advance	241,399	-
Due to others	(10,846)	11,060
Accrued expenses	(165)	1,549
Net change in cash	332,441	351,675
Cash at beginning of year	929,747	578,072
Cash at end of year	\$ 1,262,188	\$ 929,747

See accompanying notes.

HUIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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 the last fiscal year (2018), the Huairou Commission formally changed its governance structure to insure 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 HC'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 HC) 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 Huairou Commission is governed by and accountable to its members.

Promises to Give

Unconditional promises to give 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 promises to give 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 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.

HUIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, employee benefits, occupancy, office expenses, supplies and other expenses and consultants, which are allocated on the basis of estimates of time and effort and square footage used. Other expenses such as professional fees, grants to others, and travel and meetings are directly charged to the program or supporting activity. All other expenses are allocated based upon the types of services performed and expenses incurred.

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.

Adoption of New Accounting Pronouncement

On June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Commission adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date. As a result, most government grants accounted for as exchange transactions under previous guidance are now accounted for as conditional contributions.

Date of Management's Review

Management has evaluated subsequent events through November 5, 2020, the date which the financial statements were available to be issued.

HUIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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 projects, and receipt of matching funds. Conditional promises to give at December 31, 2019 and 2018 totaled \$1,054,179 and \$1,789,948.

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

The Swiss Development Corporation (SDC) in Central America awarded the Huairou 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 and 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 Huairou 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 HC fall short, SDC has the right to reduce their grant contribution accordingly. Payment of \$349,970 was received from COSUDE in November 2019. The Commission raised matching funds of \$108,571 during the year which resulted in a refundable advance of \$241,399 at December 31, 2019.

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. Future minimum lease payments for 2020 are \$5,388. Rent expense for 2019 and 2018 was \$32,328 and \$30,828. This lease continued on a month to month basis after expiration.

NOTE 5—IN-KIND CONTRIBUTIONS

The Commission received donated travel expenses valued at \$125,845 and \$247,204 during 2019 and 2018. All donated travel expenses were classified as travel and meetings expenses and were allocated to program expenses in the statement of functional expenses.

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—SUBSEQUENT EVENTS

The Commission's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on The Commission is uncertain; however, it may result in a material adverse impact on The Commission's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to The Commission's revenue, unavailability of programs, and a decline in value assets held by The Commission. These changes may lead to significant changes in budgeted revenues and expenses.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 8—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018 are available for the following purposes:

	2019	2018
Promoting Grassroots Women-Led Resilient Community Development & 2030 Sustainable Development Policies (SIDA)	\$ 385,979	\$ 297,693
Scaling Community Resilience Funds for Reducing Disaster Risk (MACP)	266,558	369,567
Gender Responsive Alternatives to Climate Change (ActionAidAustralia)	-	68,610
Building Critical Mass for Gender Just Climate Finance (NewVentureFund)	266,691	175,660
Reducing Vulnerability to Disaster, Climate Risks, and Violence (Swiss Department of Foreign Affairs: CAM)	21,845	-
Community Resilience Programming (GROOTS)	26,000	-
Net assets with donor restrictions	\$ 967,073	\$ 911,530

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 for 2020.

	2019	2018
Cash	\$ 1,262,188	\$ 929,747
Accounts receivable	3,212	24,408
Financial assets, at year-end	1,265,400	954,155
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(967,073)	(911,530)
Financial assets available to meet cash needs for general expenditures within one year	\$ 298,327	\$ 42,625

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.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 10—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, 2019 and 2018 are \$1,010,051 and \$679,974.

Concentrations of Funding Sources

The Commission received a majority of its funding from one grant contract during 2019 that made up 55% of total revenue, and a separate grant contract during 2018 that made up 43% of total revenue.