

HUAIROU COMMISSION: WOMEN, HOMES, AND COMMUNITY

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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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, 2020 and 2019, 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

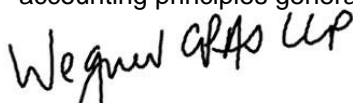
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2020 and 2019, 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.



Wegner CPAs, LLP
New York, New York
November 9, 2021

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$ 1,197,639	\$ 1,262,188
Accounts receivable	1,309	3,212
Grants receivable	3,400	-
Prepaid expenses	12,621	14,077
Total assets	\$ 1,214,969	\$ 1,279,477
LIABILITIES		
Accounts payable	\$ 27,367	\$ 35,318
Grants payable	20,000	-
Payroll liabilities	1,928	1,089
Refundable advance	353,338	241,399
Due to others	-	214
Accrued expenses	12,785	9,785
Total liabilities	415,418	287,805
NET ASSETS		
Without donor restrictions	51,050	24,599
With donor restrictions (Note 8)	748,501	967,073
Total net assets	799,551	991,672
Total liabilities and net assets	\$ 1,214,969	\$ 1,279,477

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
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
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2020 and 2019

	<u>Supporting Activities</u>			2020 Total
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
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
Travel and meetings (Note 5)	73,828	-	-	73,828
Professional fees	-	72,870	-	72,870
Occupancy	26,912	13,434	1,967	42,313
Employee benefits	18,240	9,105	1,333	28,678
Office expense and supplies	6,078	3,034	444	9,556
Other	4,698	2,345	344	7,387
Total expenses	<u>\$ 1,833,995</u>	<u>\$ 295,913</u>	<u>\$ 25,094</u>	<u>\$ 2,155,002</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	2019 Total
Grants to others	\$ 889,661	\$ -	\$ -	\$ 889,661
Consultants	167,203	7,801	37,217	212,221
Payroll expenses	166,960	94,292	55,941	317,193
Travel and meetings (Note 5)	349,672	-	-	349,672
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	<u>\$ 1,622,501</u>	<u>\$ 184,182</u>	<u>\$ 109,577</u>	<u>\$ 1,916,260</u>

See accompanying notes.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (192,121)	\$ 81,438
Adjustments to reconcile change in net assets to net change in cash		
(Increase) decrease in assets		
Accounts receivable	1,903	21,196
Grants receivable	(3,400)	-
Prepaid expenses	1,456	(10,253)
Increase (decrease) in liabilities		
Accounts payable	(7,951)	9,143
Grants payable	20,000	-
Payroll liabilities	839	529
Refundable advance	111,939	241,399
Due to others	(214)	(10,846)
Accrued expenses	3,000	(165)
Net change in cash	(64,549)	332,441
Cash at beginning of year	1,262,188	929,747
Cash at end of year	\$ 1,197,639	\$ 1,262,188

See accompanying notes.

HUIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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 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 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 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, 2020 and 2019

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 2020 and 2019 centered on distributing nearly 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.

HUIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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 9, 2021, 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. Conditional promises to give at December 31, 2020 and 2019 totaled \$1,916,368 and \$1,054,179, 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 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 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 their grant contribution accordingly. Payments of \$300,000 and \$349,970 were received from COSUDE in 2020 and 2019. The Commission raised matching funds of \$188,061 and \$108,571 during 2020 and 2019, which resulted in a refundable advance of \$353,338 and \$241,399 at December 31, 2020 and 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. This lease continued on a month-to-month basis after expiration. Rent expense for 2020 and 2019 was \$32,328 and \$32,328.

NOTE 5—IN-KIND CONTRIBUTIONS

The Commission received donated travel expenses valued at \$64,560 and \$125,845 during 2020 and 2019, respectively. All donated travel expenses were classified as travel and meetings expenses and were allocated to program expenses in the statements of functional expenses. The Commission 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 here in consultants (and allocated to program expenses in the statements of functional expenses).

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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—COVID-19 CONSIDERATIONS

The Commission's operations were affected and may continue to be affected by the ongoing COVID-19 outbreak that 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 assets, revenues, and expenses. Possible effects may include, but are not limited to, disruption to The Commission's donors and revenues and limitations on providing The Commission's program services due to restrictions and regulations.

NOTE 8—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020 and 2019 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Promoting Grassroots Women-Led Resilient Community Development & 2030 Sustainable Development Policies (SIDA)	\$ 340,152	\$ 385,979
Scaling Community Resilience Funds for Reducing Disaster Risk (MACP)	153,161	266,558
Building Critical Mass for Gender Just Climate Finance (NewVentureFund)	228,188	266,691
Reducing Vulnerability to Disaster, Climate Risks, and Violence (Swiss Department of Foreign Affairs: CAm)	11,233	21,845
Community Resilience Programming (GROOTS)	<u>15,767</u>	<u>26,000</u>
Net assets with donor restrictions	<u>\$ 748,501</u>	<u>\$ 967,073</u>

NOTE 9—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, 2020 and 2019 were \$952,070 and \$1,010,051, respectively.

Concentrations of Funding Sources

The Commission received a majority of its funding from one grant contract during 2020 and 2019 that made up 55% of total revenue in each year.

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 10—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.

	2020	2019
Cash	\$ 1,197,639	\$ 1,262,188
Grants receivable	3,400	-
Accounts receivable	1,309	3,212
Financial assets, at year-end	1,202,348	1,265,400
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(748,501)	(967,073)
Financial assets available to meet cash needs for general expenditures within one year	\$ 453,847	\$ 298,327

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.