

**HUAIROU COMMISSION: WOMEN, HOMES, AND COMMUNITY**

**FINANCIAL STATEMENTS**

December 31, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Huairou Commission: Women, Homes & Community, which comprise the statements of financial position as of December 31, 2018 and 2017, 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 Huairou Commission: Women, Homes & Community as of December 31, 2018 and 2017, 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. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The requirements of the update have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
New York, New York  
July 12, 2019

**HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2018 and 2017

|   | 2018              | 2017              |
|---|-------------------|-------------------|
| <b>ASSETS</b>                           |                   |                   |
| Cash                                    | \$ 929,747        | \$ 578,072        |
| Accounts receivable                     | 24,408            | 29,481            |
| Prepaid expenses                        | 3,824             | 25,056            |
| <b>Total assets</b>                     | <b>\$ 957,979</b> | <b>\$ 632,609</b> |
| <b>LIABILITIES</b>                      |                   |                   |
| Accounts payable                        | \$ 26,175         | \$ 53,880         |
| Payroll liabilities                     | 560               | 4,715             |
| Due to others                           | 11,060            | -                 |
| Accrued expenses                        | 9,950             | 8,401             |
| Total liabilities                       | 47,745            | 66,996            |
| <b>NET ASSETS (DEFICIT)</b>             |                   |                   |
| Without donor restrictions (Note 6)     | (1,296)           | (5,661)           |
| With donor restrictions                 | 911,530           | 571,274           |
| Total net assets                        | 910,234           | 565,613           |
| <b>Total liabilities and net assets</b> | <b>\$ 957,979</b> | <b>\$ 632,609</b> |

See accompanying notes.

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

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                    |
|---|-------------------------------|----------------------------|--------------------------|
| <b>SUPPORT AND REVENUE</b>                    |                               |                            |                          |
| 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)                 |
|   | <u>83,398</u>                 | <u>2,250,225</u>           | <u>2,333,623</u>         |
| <b>EXPENSES</b>                               |                               |                            |                          |
| Program services                              | 1,642,572                     | -                          | 1,642,572                |
| Management and general                        | 291,616                       | -                          | 291,616                  |
| Fundraising                                   | 54,814                        | -                          | 54,814                   |
|   | <u>1,989,002</u>              | <u>-</u>                   | <u>1,989,002</u>         |
| Net assets released from purpose restrictions | <u>1,909,969</u>              | <u>(1,909,969)</u>         | <u>-</u>                 |
| <b>Change in net assets</b>                   | <b>4,365</b>                  | <b>340,256</b>             | <b>344,621</b>           |
| Net assets (deficit) - beginning of year      | <u>(5,661)</u>                | <u>571,274</u>             | <u>565,613</u>           |
| <b>Net assets (deficit) - end of year</b>     | <b><u>\$ (1,296)</u></b>      | <b><u>\$ 911,530</u></b>   | <b><u>\$ 910,234</u></b> |

See accompanying notes.

**HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2017

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                    |
|---|-------------------------------|----------------------------|--------------------------|
| <b>SUPPORT AND REVENUE</b>                    |                               |                            |                          |
| Grant revenue                                 | \$ 5,000                      | \$ 1,288,410               | \$ 1,293,410             |
| Contributions                                 | 4,229                         | 66,476                     | 70,705                   |
| Program revenue                               | 100,564                       | -                          | 100,564                  |
| In-kind contributions                         | 87,240                        | -                          | 87,240                   |
| Interest income                               | 1,383                         | -                          | 1,383                    |
| Exchange rate gain                            | -                             | 24,871                     | 24,871                   |
|   | <u>198,416</u>                | <u>1,379,757</u>           | <u>1,578,173</u>         |
| <b>EXPENSES</b>                               |                               |                            |                          |
| Program services                              | 1,449,451                     | -                          | 1,449,451                |
| Management and general                        | 369,353                       | -                          | 369,353                  |
| Fundraising                                   | 25,865                        | -                          | 25,865                   |
|   | <u>1,844,669</u>              | <u>-</u>                   | <u>1,844,669</u>         |
| Net assets released from purpose restrictions | <u>1,671,983</u>              | <u>(1,671,983)</u>         | <u>-</u>                 |
| <b>Change in net assets</b>                   | <b>25,730</b>                 | <b>(292,226)</b>           | <b>(266,496)</b>         |
| Net assets (deficit) - beginning of year      | <u>(31,391)</u>               | <u>863,500</u>             | <u>832,109</u>           |
| <b>Net assets (deficit) - end of year</b>     | <b><u>\$ (5,661)</u></b>      | <b><u>\$ 571,274</u></b>   | <b><u>\$ 565,613</u></b> |

See accompanying notes.

**HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years ended December 31, 2018 and 2017

| <b>2018</b>                  | Program<br>Services | Management<br>and General | Fundraising      | Total               |
|------------------------------|---------------------|---------------------------|------------------|---------------------|
| Grants to others             | \$ 743,480          | \$ -                      | \$ -             | \$ 743,480          |
| Travel and meetings (Note 4) | 429,367             | -                         | -                | 429,367             |
| Payroll expenses             | 151,998             | 165,848                   | 33,214           | 351,060             |
| Consultants                  | 233,187             | 62,716                    | 15,679           | 311,582             |
| Employee benefits            | 19,467              | 21,241                    | 4,253            | 44,961              |
| Occupancy                    | 31,250              | 8,013                     | 801              | 40,064              |
| Professional fees            | -                   | 25,125                    | -                | 25,125              |
| Other                        | 17,139              | 4,395                     | 439              | 21,973              |
| Office expense and supplies  | 16,684              | 4,278                     | 428              | 21,390              |
| <b>Total expenses</b>        | <b>\$ 1,642,572</b> | <b>\$ 291,616</b>         | <b>\$ 54,814</b> | <b>\$ 1,989,002</b> |

  

| <b>2017</b>                 | Program<br>Services | Management<br>and General | Fundraising      | Total               |
|-----------------------------|---------------------|---------------------------|------------------|---------------------|
| Grants to others            | \$ 766,289          | \$ -                      | \$ -             | \$ 766,289          |
| Travel and meetings         | 155,832             | -                         | -                | 155,832             |
| Payroll expenses            | 265,495             | 140,091                   | 18,687           | 424,273             |
| Consultants                 | 177,412             | 90,487                    | 2,581            | 270,480             |
| Employee benefits           | 34,172              | 16,751                    | 2,552            | 53,475              |
| Occupancy                   | 32,669              | 8,481                     | 733              | 41,883              |
| Professional fees (Note 4)  | -                   | 104,923                   | -                | 104,923             |
| Other                       | 3,100               | 1,519                     | 231              | 4,850               |
| Office expense and supplies | 14,482              | 7,101                     | 1,081            | 22,664              |
| <b>Total expenses</b>       | <b>\$ 1,449,451</b> | <b>\$ 369,353</b>         | <b>\$ 25,865</b> | <b>\$ 1,844,669</b> |

See accompanying notes.



**HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2018 and 2017

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                   |
| Change in net assets   | \$ 344,621        | \$ (266,496)      |
| Adjustments to reconcile change in net assets<br>to net cash flows from operating activities |                   |                   |
| (Increase) decrease in assets  |                   |                   |
| Accounts receivable  | 5,073             | (15,406)          |
| Prepaid expenses   | 21,232            | (23,410)          |
| Promises to give   | -                 | 180,000           |
| Grants receivable  | -                 | 20,773            |
| Increase (decrease) in liabilities   |                   |                   |
| Accounts payable   | (27,705)          | 30,492            |
| Payroll liabilities  | (4,155)           | 4,715             |
| Due to others  | 11,060            | -                 |
| Accrued expenses   | 1,549             | (10,349)          |
| Deferred revenue   | -                 | (5,000)           |
| <b>Net change in cash</b>  | <b>351,675</b>    | <b>(84,681)</b>   |
| Cash - beginning of year   | 578,072           | 662,753           |
| <b>Cash - end of year</b>  | <b>\$ 929,747</b> | <b>\$ 578,072</b> |

See accompanying notes.

**HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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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 an 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 this 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.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Promises to Give**

Conditional promises to give are not recognized in the financial statements until conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due dates.

**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, 2018 and 2017

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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, and occupancy, 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 allocated 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**

The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**Date of Management's Review**

Management has evaluated subsequent events through July 12, 2019, the date which the financial statements were available to be issued.

**HUIROU COMMISSION: WOMEN, HOMES & COMMUNITY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

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**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. Conditional promises to give at December 31, 2018 and 2017 totaled \$1,789,948 and \$2,522,775.

**NOTE 3—OPERATING LEASE**

The Commission occupies offices at 249 Manhattan Avenue, Brooklyn, New York under a noncancellable operating lease which expires on March 1, 2020 and requires monthly payments of \$2,694. Future minimum lease payments for 2019 and 2020 are \$32,328 and \$5,388. Rent expense for 2018 and 2017 was \$30,828 and \$26,328.

**NOTE 4—IN-KIND CONTRIBUTIONS**

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

The Commission received donated legal services valued at \$87,240 during 2017. All donated legal services were classified as professional fees and were allocated to management and general expenses in the statement of functional expenses.

**NOTE 5—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 6—NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2018 and 2017 are available for the following purposes:

|   | <u>2018</u>       | <u>2017</u>       |
|---|-------------------|-------------------|
| Promoting Grassroots Women-Led Resilient Community Development & 2030 Sustainable Development Policies (SIDA) | \$ 297,693        | \$ 309,436        |
| Scaling Community Resilience Funds for Reducing Disaster Risk (MACP)  | 369,567           | 189,473           |
| Gender Responsive Alternatives to Climate Change (ActionAidAustralia)   | 68,610            | 62,782            |
| Global Land Tool Network (UN Habitat)   | -                 | 9,583             |
| Building Critical Mass for Gender Just Climate Finance (NewVentureFund)                                       | <u>175,660</u>    | <u>-</u>          |
| Net assets with donor restrictions  | <u>\$ 911,530</u> | <u>\$ 571,274</u> |

**HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

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NOTE 7—CONCENTRATIONS

**Concentrations of Credit Risk**

The Commission maintains cash balances at one financial institution. 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, 2018 and 2017 are \$679,974 and \$343,338.

**Concentrations of Funding Sources**

The Commission received a majority of its funding from one grant contract during 2018 and 2017.

NOTE 8—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 2019.

|  |                         |
|--|-------------------------|
| Cash   | \$ 929,747              |
| Accounts receivable  | <u>24,408</u>           |
| Financial assets, at year-end  | 954,155                 |
| Less those unavailable for general expenditures within one year, due to:               |                         |
| Contractual or donor-imposed restrictions:   |                         |
| Restricted by donor with purpose restrictions  | <u>(911,530)</u>        |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 42,625</u></u> |

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.