

FINANCIAL STATEMENTS



BRAC USA, INC.

**FOR THE YEARS ENDED
SEPTEMBER 30, 2021 AND 2020**

BRAC USA, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2
EXHIBIT A - Statements of Financial Position, as of September 30, 2021 and 2020	3
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended September 30, 2021 and 2020	4 - 5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended September 30, 2021	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended September 30, 2020	7
EXHIBIT E - Statements of Cash Flows, for the Years Ended September 30, 2021 and 2020	8
NOTES TO FINANCIAL STATEMENTS	9 - 16



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
BRAC USA, Inc.
New York, New York

We have audited the accompanying financial statements of BRAC USA, Inc. (BRAC USA), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, 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 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 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 BRAC USA as of September 30, 2021 and 2020, and the changes in its net assets and its functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is written in a cursive, flowing style.

January 26, 2022

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BRAC USA, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 17,195,449	\$ 57,513,716
Restricted cash	1,257,580	1,256,324
Accounts receivable	461,378	525,327
Grants receivable, net of present value discount	19,779,946	16,382,047
Prepaid expenses	124,700	132,125
Property and equipment, net	181,919	164,506
Security deposits	<u>73,214</u>	<u>73,472</u>
TOTAL ASSETS	<u>\$ 39,074,186</u>	<u>\$ 76,047,517</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 1,714,419	\$ 1,357,594
Grants payable, net of present value discount	15,658,449	11,882,910
Deferred contract revenue	343,753	51,021
Deferred rent	<u>112,606</u>	<u>120,301</u>
Total liabilities	<u>17,829,227</u>	<u>13,411,826</u>

NET ASSETS

Without donor restrictions:		
Undesignated	7,429,839	8,155,161
Board designated reserve	<u>1,500,000</u>	<u>1,500,000</u>
Total without donor restrictions	8,929,839	9,655,161
With donor restrictions	<u>12,315,120</u>	<u>52,980,530</u>
Total net assets	<u>21,244,959</u>	<u>62,635,691</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 39,074,186</u>	<u>\$ 76,047,517</u>

BRAC USA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,645,683	\$ 22,510,517	\$ 24,156,200
Contract and other revenue	1,918,847	-	1,918,847
Interest income	14,435	-	14,435
Net assets released from donor restrictions	<u>63,175,927</u>	<u>(63,175,927)</u>	<u>-</u>
Total revenue and support	<u>66,754,892</u>	<u>(40,665,410)</u>	<u>26,089,482</u>
EXPENSES			
Program Services	<u>64,848,547</u>	<u>-</u>	<u>64,848,547</u>
Supporting Services:			
Management and General	700,986	-	700,986
Fundraising	<u>1,930,681</u>	<u>-</u>	<u>1,930,681</u>
Total supporting services	<u>2,631,667</u>	<u>-</u>	<u>2,631,667</u>
Total expenses	<u>67,480,214</u>	<u>-</u>	<u>67,480,214</u>
Changes in net assets	(725,322)	(40,665,410)	(41,390,732)
Net assets at beginning of year	<u>9,655,161</u>	<u>52,980,530</u>	<u>62,635,691</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,929,839</u>	<u>\$ 12,315,120</u>	<u>\$ 21,244,959</u>

BRAC USA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 2,500,637	\$ 69,655,323	\$ 72,155,960
Contract and other revenue	1,224,145	-	1,224,145
Interest income	137,429	-	137,429
In-kind contributions	75,596	-	75,596
Net assets released from donor restrictions	<u>18,360,566</u>	<u>(18,360,566)</u>	<u>-</u>
Total revenue and support	<u>22,298,373</u>	<u>51,294,757</u>	<u>73,593,130</u>
EXPENSES			
Program Services	<u>19,544,853</u>	<u>-</u>	<u>19,544,853</u>
Supporting Services:			
Management and General	863,751	-	863,751
Fundraising	<u>1,599,682</u>	<u>-</u>	<u>1,599,682</u>
Total supporting services	<u>2,463,433</u>	<u>-</u>	<u>2,463,433</u>
Total expenses	<u>22,008,286</u>	<u>-</u>	<u>22,008,286</u>
Changes in net assets	290,087	51,294,757	51,584,844
Net assets at beginning of year	<u>9,365,074</u>	<u>1,685,773</u>	<u>11,050,847</u>
NET ASSETS AT END OF YEAR	<u>\$ 9,655,161</u>	<u>\$ 52,980,530</u>	<u>\$ 62,635,691</u>

BRAC USA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Grants	\$ 58,693,775	\$ -	\$ -	\$ -	\$ 58,693,775
Salaries, payroll taxes and employee benefits	3,582,742	493,534	1,599,354	2,092,888	5,675,630
Professional fees	1,873,097	136,965	136,712	273,677	2,146,774
Occupancy	228,477	18,605	113,826	132,431	360,908
Contract fees	336,857	-	-	-	336,857
Dues and subscriptions	51,393	20,118	21,306	41,424	92,817
Depreciation and amortization	34,158	4,706	15,248	19,954	54,112
Business meetings and travel expenses	11,516	5,343	10,494	15,837	27,353
Office supplies and other expenses	10,825	12,730	247	12,977	23,802
Insurance	13,260	1,827	5,919	7,746	21,006
Marketing and direct mail fees	-	-	13,496	13,496	13,496
Conference and events	3,679	6,441	3,020	9,461	13,140
Miscellaneous	3,572	-	8,739	8,739	12,311
Telecommunications	5,196	717	2,320	3,037	8,233
TOTAL	\$ 64,848,547	\$ 700,986	\$ 1,930,681	\$ 2,631,667	\$ 67,480,214

See accompanying notes to financial statements.

BRAC USA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Grants	\$ 14,672,674	\$ -	\$ -	\$ -	\$ 14,672,674
Salaries, payroll taxes and employee benefits	2,621,775	519,682	1,266,159	1,785,841	4,407,616
Professional fees	1,196,083	193,357	83,042	276,399	1,472,482
Occupancy	236,357	39,037	102,718	141,755	378,112
Contract fees	245,625	-	-	-	245,625
Dues and subscriptions	295,016	12,806	17,584	30,390	325,406
Depreciation and amortization	20,522	4,069	9,911	13,980	34,502
Business meetings and travel expenses	194,743	27,301	70,264	97,565	292,308
Office supplies and other expenses	18,529	19,774	808	20,582	39,111
Insurance	9,889	1,960	4,776	6,736	16,625
Marketing and direct mail fees	-	-	20,523	20,523	20,523
Conference and events	25,438	18,205	3,063	21,268	46,706
Miscellaneous	-	25,934	16,873	42,807	42,807
Telecommunications	8,202	1,626	3,961	5,587	13,789
TOTAL	\$ 19,544,853	\$ 863,751	\$ 1,599,682	\$ 2,463,433	\$ 22,008,286

See accompanying notes to financial statements.

BRAC USA, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (41,390,732)	\$ 51,584,844
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	54,112	34,502
Change in discount on long-term grants receivable	(77,747)	382,312
Change in discount on long-term grants payable	23,393	(29,543)
Receipt of donated securities	(48,905)	(40,108,304)
Sale of donated securities	50,846	39,839,071
Realized (gain)/loss on sale of donated securities	(1,941)	269,233
Decrease (increase) in:		
Accounts receivable	63,949	(113,229)
Grants receivable	(3,320,152)	(12,386,647)
Prepaid expenses	7,425	(49,535)
Security deposits	258	(331)
Increase (decrease) in:		
Accounts payable and accrued expenses	356,825	139,375
Grants payable	3,752,146	1,389,829
Refundable advance	-	(1,854,718)
Deferred contract revenue	292,732	(4,016)
Deferred rent	(7,695)	1,190
Net cash (used) provided by operating activities	<u>(40,245,486)</u>	<u>39,094,033</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(71,525)</u>	<u>(90,239)</u>
Net cash used by investing activities	<u>(71,525)</u>	<u>(90,239)</u>
Net (decrease) increase in cash and cash equivalents	(40,317,011)	39,003,794
Cash and cash equivalents at beginning of year	<u>58,770,040</u>	<u>19,766,246</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 18,453,029</u>	<u>\$ 58,770,040</u>
SUPPLEMENTAL INFORMATION:		
Cash and Cash Equivalents are Presented as Follows on the Statement of Financial Position:		
Cash and cash equivalents	\$ 17,195,449	\$ 57,513,716
Restricted cash	<u>1,257,580</u>	<u>1,256,324</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 18,453,029</u>	<u>\$ 58,770,040</u>

BRAC USA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

BRAC USA, Inc. (BRAC USA) is a non-profit organization, incorporated in the State of New York. BRAC USA is the North American affiliate of BRAC, a global leader in developing and implementing cost-effective, evidence-based programs to assist the most marginalized people in extremely poor, conflict-prone and post-disaster settings. Founded in 2006, BRAC USA's purpose is to raise awareness, mobilize resources and make grants to reduce poverty, improve health, provide education and empower women and girls.

BRAC USA partners with its affiliated entities (BRAC Bangladesh; Stichting BRAC International, including its subsidiaries, BRAC International Holding BV and BRAC International country offices; and BRAC UK) in furtherance of its mission. BRAC USA does not control these entities, and accordingly, the financial activities of the affiliates are not consolidated for financial reporting purposes.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions.

New accounting pronouncement adopted -

During 2021, BRAC USA adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way BRAC USA recognized revenue; however, the presentation and disclosures of revenue have been enhanced. BRAC USA has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Cash and cash equivalents -

BRAC USA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents (continued) -

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. Included in cash and cash equivalents are money market and savings and time deposit accounts. At times during the year, BRAC USA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interests, dividends, realized and unrealized gains and losses are included in investment income in the Statements of Activities and Changes in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. BRAC USA's policy is to liquidate all gifts of investments as soon as possible after the gift. Any gain or loss recognized from the sale of donated securities is recorded in contributions revenue.

Grants and accounts receivable -

Grants and accounts receivable are recorded at their net realizable value, which approximates fair value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Website costs are capitalized in accordance with ASC 350-50. Depreciation and amortization expense during the years ended September 30, 2021 and 2020 totaled \$54,112 and \$34,502, respectively.

Income taxes -

BRAC USA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. BRAC USA is not a private foundation.

Uncertain tax positions -

For the years ended September 30, 2021 and 2020, BRAC USA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes, and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

BRAC USA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Revenue recognition -

Grants and contributions are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Awards qualifying as contributions are recorded by BRAC USA upon notification of the award and satisfaction of all conditions, if applicable.

Unconditional awards are classified as net assets with donor restrictions when use of the awards is limited to specific programmatic areas or is designated for use in future periods. Awards with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Awards received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

Conditional awards are not recognized until the condition on which they depend are substantially met. Typically, conditional awards contain a measurable barrier, as well as a right of return or right of release from obligation provision, and BRAC USA has limited discretion over how funds transferred should be spent. As such, BRAC USA recognizes revenue for these conditional contributions when the related barrier has been overcome. BRAC USA had \$5,612,883 and \$4,000,000 in unrecognized conditional assistance awards as of September 30, 2021 and 2020, respectively.

Awards from governments are deemed to be conditional, and accordingly are recognized as revenue at such time when the conditions have been met.

Grants classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue at a point in time when the performance obligations are met. BRAC USA has elected to opt out of all (or certain) disclosures not required for nonpublic entities.

BRAC USA recognizes contract revenue in the period earned as performance milestones are met. This revenue is principally derived from The Mastercard Foundation, contracts with partners for advisory services related to Ultra-Poor Graduation and Youth Empowerment, and services provided to BRAC University. Such contracts are treated as exchange transactions, as such agreements are based on a set transaction price (set by the contracting entity) and are not a function of reimbursed costs. Funds received in advance of revenue recognition are recorded as deferred revenue.

In-kind contributions -

In-kind contributions consist of pro-bono legal services. In-kind contributions are recorded at their fair value as of the date of the gift. Contributions received in the form of securities are recorded at fair value at the date of the gift.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of BRAC USA are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may impact BRAC USA's operations. The overall potential impact is unknown at this time.

New accounting pronouncements not yet adopted -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

BRAC USA plans to adopt the new ASUs at the required implementation date and management is currently in the process of evaluating the adoption methods and the impacts of the new standards on its accompanying financial statements.

2. GRANTS RECEIVABLE

As of September 30, 2021 and 2020, BRAC USA has received commitments for support, in which \$20,130,560 and \$16,810,408, respectively, remained outstanding. Amounts due beyond one year have been recorded at the net present value of the estimated cash flows, using a discount rate ranging between 3.25% to 4.75%.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

2. GRANTS RECEIVABLE (Continued)

Total amounts due are as follows as of September 30, 2021 and 2020:

	2021	2020
Less than one year	\$ 9,812,661	\$ 4,322,488
One to five years	10,317,899	12,487,920
Subtotal	20,130,560	16,810,408
Less: present value discount	(350,614)	(428,361)
NET GRANTS RECEIVABLE	<u>\$ 19,779,946</u>	<u>\$ 16,382,047</u>

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2021 and 2020:

	2021	2020
Furniture and equipment	\$ 224,403	\$ 215,313
Website	109,165	122,335
Total property and equipment	333,568	337,648
Less: Accumulated depreciation and amortization	(151,649)	(173,142)
NET PROPERTY AND EQUIPMENT	<u>\$ 181,919</u>	<u>\$ 164,506</u>

4. GRANTS PAYABLE

As of September 30, 2021 and 2020, BRAC USA has made written promises to give, of which \$15,808,634 and \$12,056,488, respectively, remained outstanding. Amounts payable beyond one year have been recorded at the net present value of the estimated cash outflows, using a discount rate ranging between 3.25% and 4.75%. Total amounts due are as follows as of September 30, 2021 and 2020:

	2021	2020
Less than one year	\$ 12,183,933	\$ 7,373,731
One to five years	3,624,701	4,682,757
Total	15,808,634	12,056,488
Less: Discount to net present value	(150,185)	(173,578)
GRANTS PAYABLE	<u>\$ 15,658,449</u>	<u>\$ 11,882,910</u>

5. BOARD DESIGNATED NET ASSETS

As of September 30, 2021 and 2020, the Board of Directors has reserved a total of \$1,500,000 (shown as designated net assets) for the purposes of assuring longer-term stability and sustainability.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at September 30, 2021 and 2020:

	2021	2020
Program Services	\$ 1,851,330	\$ 2,356,160
Ultra-Poor Graduation Initiative	<u>10,463,790</u>	<u>50,624,370</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 12,315,120</u>	<u>\$ 52,980,530</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

	2021	2020
Program Services	\$ 21,040,314	\$ 16,200,464
Ultra-Poor Graduation Initiative	<u>42,135,613</u>	<u>2,160,102</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 63,175,927</u>	<u>\$ 18,360,566</u>

7. ULTRA-POOR GRADUATION INITIATIVE

BRAC USA and its affiliated entities jointly support a global effort to advance one of BRAC's signature programs, the Ultra-Poor Graduation Initiative (the Initiative).

During the year ended September 30, 2020, The Audacious Project selected the Initiative as a 2020 Audacious Project Partner with grant commitments (some conditional) totaling \$64,500,000, of which \$42,900,000 was received as of September 30, 2020.

In September 2021, BRAC USA granted \$39,000,000 of Audacious Project funds to BRAC International as the vast majority of the Initiative's growth will be in countries outside of the United States. As future donations for the Initiative are received from external donors, BRAC USA will grant these funds to BRAC International.

8. LIQUIDITY AND AVAILABILITY

The following reflects BRAC USA's financial assets available for use for general expenditures within one year of the Statement of Financial Position dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position dates.

	2021	2020
Cash and cash equivalents	\$ 17,195,449	\$ 57,513,716
Grants receivable, current	9,812,661	4,322,488
Accounts receivable	<u>461,378</u>	<u>525,327</u>
Subtotal financial assets available within one year	27,469,488	62,361,531
Less: Current portion of donor restricted funds	(4,918,580)	(43,813,861)
Less: Board designated funds	<u>(1,500,000)</u>	<u>(1,500,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 21,050,908</u>	<u>\$ 17,047,670</u>

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

8. LIQUIDITY AND AVAILABILITY (Continued)

BRAC USA is substantially supported by restricted contributions. As a donor's restriction requires resources to be used in a particular manner or in a future period, BRAC USA must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of BRAC USA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Board designated funds can be available to draw upon, in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

9. LEASE COMMITMENTS

BRAC USA leases office space under a seven year agreement which originated during August 2017. The lease includes a four month rent abatement, plus a proportionate share of expenses, increasing by a factor of 2% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the Statements of Financial Position.

The following is a schedule of the future minimum lease payments:

Year Ending September 30,

2022	\$ 329,831
2023	336,427
2024	343,156
2025	<u>58,143</u>
	<u>\$ 1,067,557</u>

Rent expense for the years ended September 30, 2021 and 2020 totaled \$360,908 and \$378,112, respectively. As of September 30, 2021 and 2020, the deferred rent liability aggregated \$112,606 and \$120,301, respectively.

10. RETIREMENT PLAN

BRAC USA provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with three months of eligible experience. BRAC USA contributes up to 5% of the salary for all participants. Contributions to the Plan during the years ended September 30, 2021 and 2020 totaled \$192,704 and \$139,514, respectively.

11. CONCENTRATION OF REVENUE

Approximately 58% and 80% of BRAC USA's revenue during the years ended September 30, 2021 and September 30, 2020 was derived from four donors, respectively.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

11. CONCENTRATION OF REVENUE (Continued)

BRAC USA has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect BRAC USA's ability to finance ongoing operations.

12. LOAN GUARANTEE

During the year ended September 30, 2019, BRAC USA entered into an agreement with BRAC International Holding BV (BIBV), Stichting BRAC International (BI) and the Overseas Private Investment Corporation (OPIC) in which BRAC USA has agreed to provide a partial guarantee of an OPIC credit facility obtained by BRAC Myanmar. The agreement required BRAC USA to guarantee 25% of the committed amount of the facility, totaling \$1,250,000. BRAC USA must keep the funds in a separate United States held account. To support this guarantee BIBV has agreed to re-allocate funds already provided to BRAC USA.

The funds are included in the accompanying Statements of Financial Position as follows as of September 30, 2021 and 2020:

	2021	2020
Original guarantee	\$ 1,250,000	\$ 1,250,000
Interest earned	3,790	3,162
Interest payable	3,790	3,162
TOTAL RESTRICTED CASH	\$ 1,257,580	\$ 1,256,324
Re-allocated liabilities (included in accounts payable and accrued expenses)	\$ 933,945	\$ 931,686
Re-allocated net assets with donor restrictions	319,845	319,845
Interest income	3,790	4,793
TOTAL ALLOCATED LIABILITIES AND NET ASSETS	\$ 1,257,580	\$ 1,256,324

After the credit facility expires in January 2024, it is expected that the guaranteed funds would be recommitted to future projects, with the exception of 50% of any interest earned over the loan period.

13. SUBSEQUENT EVENTS

In preparing these financial statements, BRAC USA has evaluated events and transactions for potential recognition or disclosure through January 26, 2022, the date the financial statements were issued.