

FINANCIAL STATEMENTS



BRAC USA, INC.

**FOR THE PERIOD OCTOBER 1, 2023
THROUGH JUNE 30, 2024**

BRAC USA, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of BRAC USA, Inc. (BRAC USA), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and change in net assets, functional expenses and cash flows for the period October 1, 2023 through June 30, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC USA as of June 30, 2024, and the change in its net assets and its cash flows for the period October 1, 2023 through June 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BRAC USA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BRAC USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 BRAC USA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BRAC USA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025, on our consideration of BRAC USA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BRAC USA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRAC USA's internal control over financial reporting and compliance.



March 24, 2025

BRAC USA, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

ASSETS

Cash and cash equivalents	\$ 7,188,346
Restricted cash	1,288,699
Investments	30,915,102
Accounts receivable	1,508,091
Grants receivable, net	11,615,415
Prepaid expenses	37,211
Property and equipment, net	13,153
Right-of-use asset - Financing, net	605
Right-of-use asset - Operating, net	<u>124,168</u>
TOTAL ASSETS	\$ <u>52,690,790</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 1,717,982
Grants payable, net	37,110,115
Finance lease liability	627
Operating lease liability	<u>143,303</u>
Total liabilities	<u>38,972,027</u>

NET ASSETS

Without donor restrictions:	
Undesignated	3,786,256
Board designated reserve	<u>5,000,000</u>
Total without donor restrictions	8,786,256
With donor restrictions	<u>4,932,507</u>
Total net assets	<u>13,718,763</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>52,690,790</u>

BRAC USA, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE PERIOD OCTOBER 1, 2023 THROUGH JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 2,239,258	\$ 9,211,269	\$ 11,450,527
U.S. Federal grants	2,004,701	-	2,004,701
Contract and other revenue	581,951	-	581,951
Interest income	181,037	-	181,037
Net investment return	1,422,184	12,252	1,434,436
Net assets released from donor restrictions	<u>10,823,367</u>	<u>(10,823,367)</u>	<u>-</u>
Total revenue and support	<u>17,252,498</u>	<u>(1,599,846)</u>	<u>15,652,652</u>
EXPENSES			
Program Services	<u>14,126,084</u>	<u>-</u>	<u>14,126,084</u>
Supporting Services:			
Management and General	1,521,089	-	1,521,089
Fundraising	<u>1,108,061</u>	<u>-</u>	<u>1,108,061</u>
Total supporting services	<u>2,629,150</u>	<u>-</u>	<u>2,629,150</u>
Total expenses	<u>16,755,234</u>	<u>-</u>	<u>16,755,234</u>
Change in net assets	497,264	(1,599,846)	(1,102,582)
Net assets at beginning of the period	<u>8,288,992</u>	<u>6,532,353</u>	<u>14,821,345</u>
NET ASSETS AT END OF THE PERIOD	<u>\$ 8,786,256</u>	<u>\$ 4,932,507</u>	<u>\$ 13,718,763</u>

BRAC USA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD OCTOBER 1, 2023 THROUGH JUNE 30, 2024**

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Grant expense	\$ 12,305,143	\$ -	\$ -	\$ -	\$ 12,305,143
Salaries, payroll taxes and employee benefits	957,825	844,006	885,642	1,729,648	2,687,473
Professional fees	686,651	396,088	84,892	480,980	1,167,631
Occupancy	61,476	120,611	66,863	187,474	248,950
Business meetings and travel expenses	54,158	67,616	14,043	81,659	135,817
Dues and subscriptions	11,176	43,658	25,421	69,079	80,255
Miscellaneous	24,214	14,434	5,926	20,360	44,574
Depreciation and amortization	7,323	6,453	6,771	13,224	20,547
Insurance	8,975	7,909	8,299	16,208	25,183
Conference and events	4,656	10,506	2,759	13,265	17,921
Office supplies and expenses	679	6,771	3,664	10,435	11,114
Telecommunications	3,808	3,037	3,781	6,818	10,626
TOTAL	\$ 14,126,084	\$ 1,521,089	\$ 1,108,061	\$ 2,629,150	\$ 16,755,234

See accompanying notes to financial statements.

BRAC USA, INC.

STATEMENT OF CASH FLOWS
FOR THE PERIOD OCTOBER 1, 2023 THROUGH JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,102,582)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,826
Unrealized gain	(739,441)
Realized gain	(302,243)
Change in discount on long-term grants receivable	(67,742)
Change in discount on long-term grants payable	(60,157)
Amortization of right-of-use asset - operating lease	217,471
Amortization of right-of-use asset - finance lease	2,721
(Increase) decrease in:	
Accounts receivable	(724,607)
Grants receivable	362,098
Prepaid expenses	96,694
Security deposits	73,240
(Decrease) increase in:	
Accounts payable and accrued expenses	(275,459)
Grants payable	2,989,156
Finance lease liability	(2,768)
Operating lease liability	<u>(247,811)</u>
Net cash provided by operating activities	<u>236,396</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(20,551,864)
Proceeds from sales of investments	<u>20,611,480</u>
Net cash provided by investing activities	<u>59,616</u>
Net increase in cash and cash equivalents	296,012
Cash and cash equivalents at beginning of the period	<u>8,181,033</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$ 8,477,045</u>

SUPPLEMENTAL INFORMATION:**Cash and Cash Equivalents are Presented as Follows on the Statement of Financial Position:**

Cash and Cash Equivalents	\$ 7,188,346
Restricted Cash	<u>1,288,699</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 8,477,045</u>

BRAC USA, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

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 Global; 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.

Effective October 1, 2023, BRAC USA changed its fiscal year-end from September 30 to June 30. As a result, these financial statements cover a nine-month period from October 1, 2023 to June 30, 2024. This change was made to align BRAC USA's fiscal period with other BRAC entities. Prior period financial statements cover the year ended September 30, 2023, making direct comparisons difficult.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

New accounting pronouncement adopted (continued) -

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by BRAC USA that are subject to the guidance in FASB ASC 326 are trade accounts receivable. BRAC USA implemented the ASU on October 1, 2023, using a modified retrospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

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. 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 period, 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. Interest is included in interest income, while dividends, realized and unrealized gains and losses are included in investment return in the Statement of Activities and Change 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 -

Accounts receivable primarily consists of amounts due within one year related to contract revenue. Accounts receivable are recorded at their net realizable value which approximates fair value. Management considers all amounts to be fully collectable. Accordingly, an allowance for credit losses has not been established.

Grants receivable include unconditional promises to give that are expected to be collected in future years. Grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

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 expense during the nine-month period ended June 30, 2024 totaled \$17,826.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

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.

Revenue recognition -

Grants and contributions -

BRAC USA receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. BRAC USA performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, BRAC USA had no refundable advances as of June 30, 2024.

In addition, BRAC USA has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. BRAC USA's unrecognized conditional contributions to be received in future years totaled \$1,482,346 as of June 30, 2024.

Contract and other revenue -

Contracts with partners for advisory services related to Ultra-Poor Graduation and Youth Empowerment, and services provided to BRAC University are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606.

Revenue from contracts with customers is recorded when the performance obligations are met. BRAC USA has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. BRAC USA's contracts with customers generally have initial terms of one year or less.

BRAC USA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change 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 actual time and effort or other reasonable basis.

2. **INVESTMENTS AND FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC 820, *Fair Value Measurement*, BRAC USA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market BRAC USA has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the nine-month period ended June 30, 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

- *Government Securities* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 4,914,842	\$ -	\$ -	\$ 4,914,842
Common stocks	4,853	-	-	4,853
Government securities	25,995,407	-	-	25,995,407
TOTAL INVESTMENTS	\$ 30,915,102	\$ -	\$ -	\$ 30,915,102

Net investment return consisted of the following for the nine-month period ended June 30, 2024:

Interest and dividends	\$ 392,752
Unrealized gain	739,441
Realized gain	302,243
NET INVESTMENT RETURN	\$ 1,434,436

3. GRANTS RECEIVABLE

As of June 30, 2024, BRAC USA has received commitments for support, in which \$11,921,815 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 4.7% to 5.1%.

Total amounts due are as follows as of June 30, 2024:

Less than one year	\$ 8,785,903
One to five years	3,135,912
Subtotal	11,921,815
Less: Present value discount	(306,400)
NET GRANTS RECEIVABLE	\$ 11,615,415

4. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets consisted of the following revenue streams as of June 30, 2024:

Contract Receivable	\$ 1,508,091
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There was no allowance for credit loss as of and for the nine-month period ended June 30, 2024.

BRAC USA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

5. **PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2024:

Furniture and equipment	\$ 204,685
Website	<u>34,000</u>
Total property and equipment	238,685
Less: Accumulated depreciation and amortization	<u>(225,532)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 13,153</u>

6. **GRANTS PAYABLE**

As of June 30, 2024, BRAC USA has made written promises to give, of which \$39,781,319 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 4.3% and 5.1%.

Total amounts due are as follows as of June 30, 2024:

Less than one year	\$ 11,613,604
One to five years	<u>28,167,715</u>
Total	39,781,319
Less: Discount to net present value	<u>(2,671,204)</u>
GRANTS PAYABLE	<u>\$ 37,110,115</u>

7. **BOARD DESIGNATED NET ASSETS**

As of June 30, 2024, the Board of Directors has reserved a total of \$5,000,000 (shown as designated net assets) for the purposes of assuring longer-term stability and sustainability.

8. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2024:

Program Services	\$ 1,659,174
Ultra-Poor Graduation Initiative	<u>3,273,333</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 4,932,507</u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the nine-month period ended June 30, 2024.

Program Services	\$ 7,263,399
Ultra-Poor Graduation Initiative	<u>3,559,968</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 10,823,367</u>

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

9. 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.

Cash and cash equivalents	\$ 7,188,346
Investments	30,915,102
Grants receivable, current	8,785,903
Accounts receivable	<u>1,508,091</u>
Subtotal financial assets available within one year	48,397,442
Less: Current portion of donor restricted funds	(4,932,507)
Less: Board designated funds	<u>(5,000,000)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR
GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 38,464,935**

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.

10. LEASE COMMITMENTS

BRAC USA follows FASB ASC 842 for leases. BRAC USA has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. BRAC USA has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Operating Lease:

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. The lease will end in November 2024.

For the nine-month period ended June 30, 2024, the total lease cost for all operating leases was approximately \$226,000, which is included in occupancy expense in the accompanying Statement of Functional Expense. For the nine-month period ended June 30, 2024, the total cash paid for all operating leases was approximately \$256,000. As of June 30, 2024, the remaining lease term and rate for the operating lease is .5 years and 4.12%.

Financing Lease:

BRAC USA leases copiers under a 36-month lease that expires in August 2024. Monthly payments are \$315 throughout the life of the lease.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

10. LEASE COMMITMENTS (Continued)

Financing Lease (continued):

For the nine-month period ended June 30, 2024, the total lease cost for all financing leases was approximately \$2,700, which is included in depreciation and amortization expense in the accompanying Statement of Functional Expense. For the nine-month period ended June 30, 2024, the total cash paid for all operating leases was approximately \$2,800. As of June 30, 2024, the remaining lease term and rate for the operating lease is 1 year and 4.12%.

The following is a schedule of the future minimum lease payments due under the leases, net of imputed interest, as of June 30, 2024:

Year Ending June 30, 2025	\$ 145,417
Less: Imputed interest	<u>(1,487)</u>
	143,930
Less: Current portion	<u>(143,930)</u>
LONG-TERM PORTION	\$ <u> -</u>

11. 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 nine-month period ended September 30, 2024 totaled \$92,144, and are included in Salaries, payroll taxes and employee benefits in the accompanying Statement of Functional Expenses.

12. CONCENTRATION OF REVENUE

Approximately 62% of BRAC USA's revenue during the nine-month period ended June 30, 2024 was derived from four donors. 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) could adversely affect BRAC USA's ability to finance ongoing operations.

13. LOAN GUARANTEE

During the nine-month period ended June 30, 2019, BRAC USA entered into an agreement (the Agreement) with BRAC International Holding BV (BIBV), Stichting BRAC International 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 Borrower) amounting to \$5,000,000. The current outstanding amount remains at \$3,680,000.

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 agreed to re-allocate funds already provided to BRAC USA.

BRAC USA, INC.

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13. LOAN GUARANTEE (Continued)

The funds are included in the accompanying Statement of Financial Position as follows as of June 30, 2024:

Original guarantee	\$ 1,250,000
Interest earned	20,214
Interest payable	<u>20,214</u>
TOTAL RESTRICTED CASH AND RECEIVABLE	\$ <u>1,290,428</u>
Re-allocated liabilities (included in accounts payable and accrued expenses)	\$ 1,079,928
Re-allocated net assets with donor restrictions	190,286
Interest income	<u>20,214</u>
TOTAL ALLOCATED LIABILITIES AND NET ASSETS	\$ <u>1,290,428</u>

The Borrower is currently negotiating for an extension of the Agreement with the United States International Development Finance Corporation (DFC), the successor organization to OPIC. Unless the funds are needed to be paid to the DFC under the guarantee, once the loan obligation expires, 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.

14. CONTINGENCY

BRAC USA receives grants from the U.S. Department of State. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. Audits in accordance with the applicable provisions of Subpart F of the Uniform Guidance have been completed for all required fiscal years through 2024. BRAC USA's expenditures of Federal awards totaled \$2,004,701 for the nine-month period ended June 30, 2024.

15. SUBSEQUENT EVENTS

In preparing these financial statements, BRAC USA has evaluated events and transactions for potential recognition or disclosure through March 24, 2025, the date the financial statements were issued.

On January 27, 2025, BRAC USA received a stop-work order applicable to its United States Government funded programs. This directive was issued as a result of the Presidential Executive Order entitled "Reevaluating and Realigning United States Foreign Aid" which was issued on January 20, 2025 and mandates a 90-day pause in United States foreign development assistance for assessment of programmatic efficiencies and consistency with United States foreign policy. BRAC USA is currently assessing the financial and operational impact of this event. Management does not anticipate any immediate effects on other programs or funding sources, however there is inherent uncertainty regarding the long-term implications of the foreign aid freeze. These financial statements do not reflect any adjustments related to this subsequent event.