



CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2019

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Landesa  
Seattle, Washington

We have audited the accompanying consolidated financial statements of Landesa, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Landesa as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

*Peterson Sullivan LLP*

November 15, 2019

**LANDESA**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

ASSETS	2019	2018
Current Assets		
Cash and cash equivalents	\$ 2,815,311	\$ 5,988,465
Pledges and grants receivable (Note 3)	2,291,264	707,019
Contracts receivable	906,413	771,724
Prepaid expenses, employee advances, and other	293,915	342,939
Total current assets	6,306,903	7,810,147
Long-Term Pledges and Grants Receivable, less discount (Note 3)	1,052,207	544,916
Property and Equipment, at cost, less accumulated depreciation (Note 5)	176,600	188,317
Security Deposits	102,806	82,119
Total assets	\$ 7,638,516	\$ 8,625,499
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 180,330	\$ 406,154
Accrued payroll and related expenses	507,277	554,171
Accrued expenses	45,261	112,326
Deferred rent	52,256	24,326
Total current liabilities	785,124	1,096,977
India Termination Benefits	49,734	70,049
Total liabilities	834,858	1,167,026
Net Assets		
Without donor restrictions	923,608	1,148,635
With donor restrictions (Note 6)	5,880,050	6,309,838
Total net assets	6,803,658	7,458,473
Total liabilities and net assets	\$ 7,638,516	\$ 8,625,499

See Notes to Consolidated Financial Statements

**LANDESA**

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Grants and contributions	\$ 2,781,382	\$ 7,153,156	\$ 9,934,538	\$ 4,002,443	\$ 7,258,153	\$ 11,260,596
Contract revenue	2,539,778		2,539,778	1,576,679		1,576,679
In-kind contributions (Note 1)	84,919		84,919	191,386		191,386
Special events revenue	177,900		177,900	297,455		297,455
Special events expenses	(77,008)		(77,008)	(129,122)		(129,122)
Interest and other revenue	1,539		1,539	5,772		5,772
Net assets released from restrictions	7,582,944	(7,582,944)		8,122,044	(8,122,044)	
Total support and revenue	13,091,454	(429,788)	12,661,666	14,066,657	(863,891)	13,202,766
Expenses						
Program	10,204,779		10,204,779	10,954,655		10,954,655
Management and general	1,982,592		1,982,592	1,968,434		1,968,434
Fundraising	1,129,110		1,129,110	1,206,937		1,206,937
Total expenses	13,316,481		13,316,481	14,130,026		14,130,026
<b>Change in net assets</b>	<b>(225,027)</b>	<b>(429,788)</b>	<b>(654,815)</b>	<b>(63,369)</b>	<b>(863,891)</b>	<b>(927,260)</b>
Net Assets, beginning of year	1,148,635	6,309,838	7,458,473	1,212,004	7,173,729	8,385,733
Net Assets, end of year	\$ 923,608	\$ 5,880,050	\$ 6,803,658	\$ 1,148,635	\$ 6,309,838	\$ 7,458,473

See Notes to Consolidated Financial Statements

**LANDESA**

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Total Program	Management and General	Fundraising	Total	Total Program	Management and General	Fundraising	Total
Salaries and related payroll costs	\$ 5,130,629	\$ 1,734,184	\$ 890,036	\$ 7,754,849	\$ 5,196,130	\$ 1,722,549	\$ 951,479	\$ 7,870,158
Program consulting	2,825,432	10,354	5,419	2,841,205	2,812,705	214	4,696	2,817,615
Project operations cost	1,116,243	29,902	64,530	1,210,675	1,181,602	21,238	90,215	1,293,055
Rent and other occupancy costs	541,114	119,616	61,257	721,987	517,315	93,677	52,770	663,762
Other office expenses	131,283	13,406	98,670	243,359	240,064	19,233	123,738	383,035
Consulting and professional fees	130,506	13,529	12,608	156,643	413,922	22,171	28,704	464,797
Information technology	101,033	22,753	27,493	151,279	125,632	28,775	28,669	183,076
Media, online, and print material	65,589	2,809	18,254	86,652	69,746	6,472	24,835	101,053
In-kind expenses	69,427	10,245	5,247	84,919	185,791	3,605	1,990	191,386
Telecommunications	32,960	9,907	5,637	48,504	48,482	12,912	7,788	69,182
Domestic and international human resource costs	23,869	6,888	5,294	36,051	117,149	31,672	17,908	166,729
Depreciation	36,694	8,999	11,673	57,366	46,117	5,916	3,267	55,300
<b>Total expenses</b>	<b>10,204,779</b>	<b>1,982,592</b>	<b>1,206,118</b>	<b>13,393,489</b>	<b>10,954,655</b>	<b>1,968,434</b>	<b>1,336,059</b>	<b>14,259,148</b>
Less: expenses netted with revenue			(77,008)	(77,008)			(129,122)	(129,122)
<b>Net expenses</b>	<b>\$ 10,204,779</b>	<b>\$ 1,982,592</b>	<b>\$ 1,129,110</b>	<b>\$ 13,316,481</b>	<b>\$ 10,954,655</b>	<b>\$ 1,968,434</b>	<b>\$ 1,206,937</b>	<b>\$ 14,130,026</b>

See Notes to Consolidated Financial Statements

**LANDESA**

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ (654,815)	\$ (927,260)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	57,366	55,300
Change in discounts on pledges and grants receivable	16,445	(1,859)
Changes in operating assets and liabilities		
Pledges and grants receivable	(2,107,981)	1,474,956
Contracts receivable	(134,689)	(231,425)
Security deposits	(20,686)	20,757
Prepaid expenses, employee advances, and other	49,024	(53,905)
Accounts payable	(225,824)	331,912
Accrued payroll and related expenses	(46,894)	17,402
Accrued expenses	(67,065)	(65,422)
Deferred rent	27,930	(11,451)
India termination benefits	(20,315)	(39,591)
	(3,127,504)	569,414
Net cash flows from operating activities		
Cash Flows from Investing Activity		
Purchase of property and equipment	(45,650)	(189,268)
	(45,650)	(189,268)
<b>Net change in cash and cash equivalents</b>	<b>(3,173,154)</b>	<b>380,146</b>
Cash and Cash Equivalents, beginning of year	5,988,465	5,608,319
Cash and Cash Equivalents, end of year	\$ 2,815,311	\$ 5,988,465

See Notes to Consolidated Financial Statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Organization and Summary of Significant Accounting Policies

Landesa is a Washington nonprofit corporation founded in 1981. Landesa is an international organization working to secure land rights for the world's poorest people. Landesa professionals have worked in over 40 developing countries in partnership with governments, non-governmental organizations, numerous foreign aid agencies, and other partners to design and implement laws, policies, and programs that provide opportunity, further economic growth, and promote social justice. Landesa has offices in:

- Seattle, Washington, United States
- Washington, D.C., United States
- Beijing, China
- Bangalore, India
- Kolkata, India
- New Delhi, India
- Bhubaneswar, India
- Lucknow, India
- Patna, India
- Monrovia, Liberia
- Yangon, Myanmar (Burma)
- Patheingyi, Myanmar (Burma)
- Dar es Salaam, Tanzania

Certain offices in India were closed during the year ended June 30, 2019.

Landesa does not hold significant amounts of assets or liabilities denominated in non-United States currency at June 30, 2019 or 2018. During the years ended June 30, 2019 and 2018, \$3,653,738 and \$4,009,246, respectively, of expenses were incurred outside the United States.

Landesa receives significant revenues from multi-year grants. If the grant award is not contingent upon future actions, accounting principles generally accepted in the United States ("GAAP") require Landesa to recognize the entire grant as revenue in the year the grant was awarded. This accounting requirement may account for large annual increases or decreases in total revenue and support, and the annual change in net assets.

Landesa implements its Indian program activities through a number of different partner organizations, including an organization called Rural Development Institute ("RDI India Trust"). The RDI India Trust is a public charitable trust recognized by the government of India. Landesa has been the majority financial supporter of the RDI India Trust, with control over its activities. As discussed in Note 10, most of Landesa's activities with the RDI India Trust have been curtailed. In response, in 2019, a new entity was formed called Landesa Foundation for Innovations in Development ("the Foundation"). The Foundation is a charitable company registered as a Section 8 company in India. Landesa will be the primary financial supporter of the Foundation with control over its activities. All activities of the RDI India Trust and the Foundation are included in these consolidated financial statements.

Landesa is the sole member of a limited liability company called Landesa Consulting LLC ("the LLC"). As an LLC, the liability of the members is generally limited to amounts invested. The LLC was formed for the purpose of running operations in foreign countries while new registrations are in process.



During 2018, a private limited company called Landesa Consulting Private Limited, which was a new entity, was registered in India as an entity controlled by the LLC. Its purpose is to coordinate operations in India to eventually be transferred to Landesa Foundation for Innovations in Development.

In addition, in 2014, an entity was registered in China as an entity controlled by the LLC called Landesa (Beijing) Agriculture Consulting Co. Ltd. The purpose of this entity was to coordinate operations in China.

All activities of the LLC, Landesa (Beijing) Agriculture Consulting Co. Ltd., and Landesa Consulting Private Limited are included in these consolidated financial statements.

### **Basis of Presentation**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions and include Landesa's foreign and domestic activities. Accordingly, the net assets of Landesa and changes therein are classified and reported as either net assets without donor restrictions or net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed stipulations that will be met either by actions of Landesa or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

### **Basis of Consolidation**

These consolidated financial statements include the accounts of Landesa, RDI India Trust, Landesa Foundation for Innovations in Development, and Landesa Consulting LLC. As noted above, Landesa Consulting LLC owns 100% of Landesa (Beijing) Agriculture Consulting Co. Ltd. and Landesa Consulting Private Limited, so these entities are consolidated into the LLC and then consolidated within Landesa's financial statements. All intra-entity balances and transactions have been eliminated. All amounts in these consolidated financial statements are stated in United States dollars.

### **Cash and Cash Equivalents**

Landesa considers highly liquid investments with original maturities of three months or less to be cash equivalents. Landesa maintains its cash and cash equivalents in bank deposit accounts and interest-bearing money market funds, which, at times, may exceed federally insured limits.

### **Pledge and Grant Receivable/Revenue**

Pledges and grants receivable consist primarily of unconditional promises to give. Unconditional promises to give are recognized as revenues and support in the period the promise is made. Landesa records an estimated allowance for uncollectible pledges and grants receivable based on its assessment of possible uncollectible amounts. Landesa charges off receivables against the allowance when management determines that a receivable is not collectible. No allowance has been recorded for the years ended June 30, 2019 or 2018, based on historical collection trends.

Pledges and grants receivable that are expected to be collected within one year are recorded at net realizable value. Pledges and grants receivable that are expected to be collected in future years are initially recorded at fair value, which is measured as the present value of expected future cash flows. The discounts on those amounts are computed using donor-specific risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contributions revenue in the consolidated statements of activities. Conditional promises to give are not included as support until the conditions are substantially met. Landesa has received grants for specific purposes that are open to review and audit by the grantor agencies.

### **Contract Receivables/Revenue**

Support from cost-reimbursable contracts is recognized when eligible costs are incurred. Support from performance-based contracts is recognized when performance is completed. If support recognized exceeds cash advances received, then a receivable is recorded. However, if cash advances exceed support recognized, then a liability, unearned contract support, is recorded.

### **Property and Equipment**

Property and equipment purchases greater than \$5,000 are capitalized and are recorded at cost or, in the case of donated fixed assets, at estimated fair value at the time of donation. Depreciation of fixed assets is provided for over the estimated useful lives of the assets for three to seven years on a straight-line basis.

### **Deferred Rent**

Landesa recognizes lease expense on a straight-line basis over the life of the lease, with the deferred rent reported as a liability on the consolidated statements of financial position for the difference between recognized expense and the contractual payments stipulated in the lease agreement.

### **India Termination Benefits**

In compliance with the Payment of Gratuity Act, 1971, employees located in India that have over five years of service are entitled to a lump-sum payment when they leave a company. The payment is based on a calculation that factors in length of service and most recent salary. Landesa has accrued a benefit for each eligible employee as of June 30, 2019 and 2018.

### **In-Kind Contributions**

In-kind contributions represent contributed website services and legal services. These services were recorded at fair value and amounted to \$84,919 and \$191,386 for the years ended June 30, 2019 and 2018, respectively. In-kind services are only recognized if the services require a specialized skill that would otherwise be purchased by Landesa.

### **Vulnerability from Certain Concentrations**

For the year ended June 30, 2019, 38% of Landesa's revenue was from two entities. For the year ended June 30, 2018, 65% of Landesa's revenue were from four entities. At June 30, 2019, 54% of receivables were due from two entities. At June 30, 2018, 75% of receivables were due from three entities.

Management of Landesa is aware of the related vulnerability but does not anticipate any losses in connection with these concentrations, based on historical collections.

## **Income Tax Status**

Landesa is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. RDI India Trust and Landesa Foundation for Innovations in Development are exempt from income taxes under Section 12AA(1)(b)(i) of the Indian Income Tax Act. Landesa Consulting Private Limited is subject to income tax in India at the rate of 28%. Landesa Consulting LLC and its wholly owned subsidiary, Landesa (Beijing) Agriculture Consulting Co. Ltd., are subject to income tax in the People's Republic of China at a rate of 25%. No income tax expense was incurred in India or China during the years ended June 30, 2019 and 2018, respectively.

## **Use of Estimates**

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

## **Functional Allocation of Expenses**

The cost of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll and benefits expenses are allocated based on estimates of individuals actual time spent on the three functional areas. Non-payroll expenses for program, management, and fundraising are directly applied to each functional area. Any direct unallocated expenses are then allocated across the functional expenses based on relative payroll and benefit allocations.

## **Recent Accounting Pronouncement Adopted**

During the year ended June 30, 2019, Landesa adopted the provisions of Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classifications, 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. Landesa has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

## **Note 2. Liquidity and Availability of Resources**

Landesa strives to maintain liquid financial assets in excess of the operating reserve at all times. A cash flow forecast projecting domestic cash at least twelve months into the future is updated on a monthly basis. Financial assets in excess of daily cash requirements are invested in savings accounts and money market funds.

In accordance with a board resolution adopted in 2010, Landesa maintains an operating reserve equal to at least three months of budgeted unsecured operating expenses. The operating reserve balance as of June 30, 2019 and 2018, was \$1,365,131 and \$1,364,334, respectively.

The following table reflects Landesa's financial assets as of June 30, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. In the event the need arises to utilize the operating reserve for liquidity purposes, it could be drawn upon through Executive Committee resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions, which are detailed in Note 6.

	2019	2018
Cash and cash equivalents	\$ 2,815,311	\$ 5,988,465
Pledges and grants receivable	2,291,264	707,019
Contracts receivable	906,413	771,724
	<hr/>	<hr/>
Total financial assets	6,012,988	7,467,208
	<hr/>	<hr/>
Board-designated operating reserve	(1,365,131)	(1,364,334)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,647,857</u>	<u>\$ 6,102,874</u>

### Note 3. Pledges and Grants Receivable

Included in pledges and grants receivable are the following unconditional promises to give at June 30:

	2019	2018
Amounts due in:		
One to five years	\$ 1,099,264	\$ 575,528
Less: unamortized discount to present value	(47,057)	(30,612)
	<hr/>	<hr/>
Net long-term pledges and grants receivable	1,052,207	544,916
Amounts due in:		
Less than one year	2,291,264	707,019
	<hr/>	<hr/>
Total pledges and grants receivable	<u>\$ 3,343,471</u>	<u>\$ 1,251,935</u>

The effective interest rate used to discount pledges and grants receivable ranged between 0.5% and 3.0% for amounts pledged in the years ended June 30, 2019 and 2018.

#### Note 4. Conditional Awards

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Conditional promises to give for which payment is conditional upon satisfactorily meeting certain project deliverables are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Conditional promises to give	\$ 7,680,589	\$ 11,862,061
Less: cumulative amount recognized	<u>(6,468,589)</u>	<u>(7,293,579)</u>
	<u>\$ 1,212,000</u>	<u>\$ 4,568,482</u>

Conditional promises to give for which payment is conditional upon receiving certain matching contributions are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Conditional promises to give	\$ -	\$ 1,000,000
Less: cumulative amount recognized		<u>(1,000,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

#### Note 5. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 285,393	\$ 285,393
Software	143,274	115,278
Leasehold improvements	79,209	79,209
Work in progress		13,900
	<u>507,876</u>	<u>493,780</u>
Less: accumulated depreciation	<u>(331,276)</u>	<u>(305,463)</u>
	<u>\$ 176,600</u>	<u>\$ 188,317</u>

## Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30:

	<u>2019</u>	<u>2018</u>
Program expenses in China	\$ 1,936,446	\$ 402,373
Program expenses in Africa	921,404	832,528
Program expenses, Global Projects	884,810	1,325,027
Program expenses in Southeast Asia	715,477	1,002,841
General support in future years	713,290	850,000
Program expenses in India	352,157	535,626
Program expenses, Global Advocacy	200,000	1,204,753
Program expenses for Landesa Center for Women's Land Rights	<u>156,466</u>	<u>156,690</u>
	<u>\$ 5,880,050</u>	<u>\$ 6,309,838</u>

## Note 7. Leases

Landesa leases office space in Seattle, Washington; Beijing, China; New Delhi, India; Yangon, Myanmar; and Pathein, Myanmar, and subleases office space from a nonprofit organization in Washington, D.C. The details of each lease are as follows:

- The Seattle lease is a noncancelable operating lease that expires on February 28, 2025.
- The Beijing lease is a noncancelable operating lease that expires on August 31, 2020.
- The New Delhi lease is a five-year operating lease agreement with the first three years being noncancelable; the lease expires on August 31, 2023.
- The Yangon lease is a two-year operating lease agreement with the first 12 months being noncancelable; the lease expires on December 31, 2019.
- The Pathein lease is a noncancelable operating lease that expires on June 30, 2020.
- The Washington, D.C. sublease agreement expires on June 30, 2020; however, Landesa terminated the lease agreement early, so there are no further commitments as of June 30, 2019.

Future minimum lease payments for the offices under noncancelable operating leases are as follows for the years ending June 30:

2020	\$ 583,233
2021	510,132
2022	514,596
2023	532,541
2024	504,729
Thereafter	<u>337,296</u>
	<u>\$ 2,982,527</u>

Rent expense for the fiscal years ended June 30, 2019 and 2018, was \$700,187 and \$623,880, respectively.

**Note 8. Retirement Plan**

Landesa has a 401(k) retirement plan ("the Plan") for its employees. Participants elect to make contributions to the Plan, and Landesa contributes 3% of an employee's gross wages to the Plan regardless of any employee contribution. Total contributions related to the Plan were \$165,687 and \$162,305 for the years ended June 30, 2019 and 2018, respectively.

**Note 9. Related Party Transactions**

Landesa received contributions of \$187,942 and \$141,530 from members of the Board of Directors during the years ended June 30, 2019 and 2018, respectively.

Landesa received \$500,000 and \$900,000 of total revenue from related parties for the years ended June 30, 2019 and 2018, respectively. Related parties include a private foundation where a member of Landesa's Board of Directors is a key member of management.

Outstanding receivables of \$800,000 and \$23,000 were due from members of the Board of Directors, employees, and other related parties as of June 30, 2019 and 2018, respectively.

**Note 10. Update on Foreign Operations**

On February 14, 2012, India's Ministry of Home Affairs ("MHA") granted RDI India Trust permission under India's Foreign Contributions Regulation Act ("FCRA") to receive an unlimited amount of contributions from foreign entities for a period of five years. This permission expired on February 14, 2017. On April 5, 2017, the MHA rejected RDI India Trust's application for renewal of its FCRA approval. This severely limited the ability of RDI India Trust to receive funding for its programs and operations. RDI India Trust has filed an appeal of this decision with the MHA. As of the date of these financial statements, a decision is still pending, but the probability of a favorable decision is now considered low. Management is working with its funders, partners, and RDI India Trust to implement ways for Landesa to continue to do work in India while FCRA approval is pending. As explained in Note 1, Landesa has formed two additional legal entities in India: Landesa Foundation for Innovations in Development Management (a Section 8 company) and Landesa Consulting Private Limited (a private limited company). It is intended that the former entity will eventually replace RDI India Trust.

**Note 11. Subsequent Events**

Landesa has evaluated subsequent events through the date these consolidated financial statements were available to be issued, which was November 15, 2019.