



Consolidated Financial Statements

For the Years Ended June 30, 2021 and 2020

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## Independent Auditor's Report

**To the Board of Directors  
Landesa  
Seattle, Washington**

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Landesa (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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.



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## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

The consolidated financial statements of the Organization as of and for the year ended June 30, 2020, were audited by another auditor whose report dated January 27, 2021, expressed an unmodified opinion on those statements.

*Clark Nuber PS*

Certified Public Accountants  
November 17, 2021

LANDESA

Consolidated Statements of Financial Position  
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 3,244,009	\$ 4,034,118
Pledges and grants receivable (Note 2)	4,160,000	3,554,264
Contracts receivable	571,132	728,858
Prepaid expenses, employee advances and other	249,663	259,903
<b>Total Current Assets</b>	<b>8,224,804</b>	<b>8,577,143</b>
Long-term pledges and grants receivable, less discount (Note 2)	2,944,561	4,170,695
Property and equipment, net (Note 4)	81,402	133,195
Security deposits	80,671	97,955
<b>Total Assets</b>	<b>\$ 11,331,438</b>	<b>\$ 12,978,988</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 92,606	\$ 70,304
Accrued payroll and related expenses	448,756	461,584
Accrued expenses	81,494	81,661
Deferred revenue	92,058	233,233
Deferred rent, current	18,773	35,252
<b>Total Current Liabilities</b>	<b>733,687</b>	<b>882,034</b>
Paycheck Protection Program loan (Note 10)		700,000
Deferred rent, long-term	138,202	86,471
India termination benefits	65,843	48,251
<b>Total Liabilities</b>	<b>937,732</b>	<b>1,716,756</b>
<b>Net Assets:</b>		
Without donor restrictions (Note 5)	498,618	199,533
With donor restrictions (Note 6)	9,895,088	11,062,699
<b>Total Net Assets</b>	<b>10,393,706</b>	<b>11,262,232</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,331,438</b>	<b>\$ 12,978,988</b>

See accompanying notes.

LANDESA

Consolidated Statements of Activities  
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Grants and contributions	\$ 2,093,401	\$ 3,925,970	\$ 6,019,371	\$ 1,718,976	\$ 10,350,816	\$ 12,069,792
Contract revenue	2,098,826		2,098,826	2,962,507		2,962,507
Paycheck Protection Program loan forgiveness (Note 10)	700,000		700,000			
In-kind contributions (Note 1)	82,849		82,849	89,042		89,042
Special events revenue, net of expenses of \$66,426 (\$0 - 2020)	128,035		128,035	65,000		65,000
Interest and other revenue	5,742		5,742	108		108
Net assets released from restrictions	5,093,581	(5,093,581)		5,168,167	(5,168,167)	
<b>Total Support and Revenue</b>	<b>10,202,434</b>	<b>(1,167,611)</b>	<b>9,034,823</b>	<b>10,003,800</b>	<b>5,182,649</b>	<b>15,186,449</b>
<b>Expenses:</b>						
Land rights activities (program)	7,297,112		7,297,112	8,023,249		8,023,249
Supporting services-						
Management and general	1,482,931		1,482,931	1,744,061		1,744,061
Fundraising	1,123,306		1,123,306	960,565		960,565
Total support services	2,606,237		2,606,237	2,704,626		2,704,626
<b>Total Expenses</b>	<b>9,903,349</b>		<b>9,903,349</b>	<b>10,727,875</b>		<b>10,727,875</b>
<b>Change in Net Assets</b>	<b>299,085</b>	<b>(1,167,611)</b>	<b>(868,526)</b>	<b>(724,075)</b>	<b>5,182,649</b>	<b>4,458,574</b>
Net assets, beginning of year	199,533	11,062,699	11,262,232	923,608	5,880,050	6,803,658
<b>Net Assets, End of Year</b>	<b>\$ 498,618</b>	<b>\$ 9,895,088</b>	<b>\$ 10,393,706</b>	<b>\$ 199,533</b>	<b>\$ 11,062,699</b>	<b>\$ 11,262,232</b>

See accompanying notes.

LANDESA

Consolidated Statement of Functional Expenses  
For the Years Ended June 30, 2021 and 2020

	2021				2020			
	Land Rights Activities	Management and General	Fundraising	Total	Land Rights Activities	Management and General	Fundraising	Total
Salaries and related payroll costs	\$ 4,134,439	\$ 1,313,531	\$ 807,889	\$ 6,255,859	\$ 4,264,567	\$ 1,526,912	\$ 739,656	\$ 6,531,135
Program consulting	1,740,353	2,925	56,607	1,799,885	2,127,473	10,033	9,706	2,147,212
Project operations cost	369,891	824	9,120	379,835	577,502	11,692	29,564	618,758
Rent and other occupancy costs	475,153	86,238	128,090	689,481	542,211	115,195	55,805	713,211
Other expenses	120,359	6,357	75,471	202,187	95,043	9,770	38,284	143,097
Consulting and professional fees	183,412	31,759	49,167	264,338	152,014	22,022	17,871	191,907
Information technology	105,005	23,298	27,859	156,162	83,463	22,595	27,602	133,660
Media, online and print material	36,220	1,716	14,289	52,225	48,865	1,453	19,072	69,390
In-kind expenses	77,927	3,048	1,874	82,849	76,645	8,352	4,046	89,043
Telecommunications	26,397	5,036	3,728	35,161	33,038	9,044	4,976	47,058
Depreciation	27,956	8,199	15,638	51,793	22,428	6,993	13,983	43,404
Total expenses	7,297,112	1,482,931	1,189,732	9,969,775	8,023,249	1,744,061	960,565	10,727,875
Less expenses netted with revenue			(66,426)	(66,426)				
<b>Total Functional Expenses</b>	<b>\$ 7,297,112</b>	<b>\$ 1,482,931</b>	<b>\$ 1,123,306</b>	<b>\$ 9,903,349</b>	<b>\$ 8,023,249</b>	<b>\$ 1,744,061</b>	<b>\$ 960,565</b>	<b>\$ 10,727,875</b>

See accompanying notes.

LANDESA

**Consolidated Statement of Cash Flows  
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Total change in net assets	\$ (868,526)	\$ 4,458,574
Adjustments to reconcile change in net assets to net cash flows from operating activities-		
Paycheck Protection Program loan forgiveness	(700,000)	
Depreciation	51,793	43,404
Changes in operating assets and liabilities:		
Pledges and grants receivable	620,398	(4,381,488)
Contracts receivable	157,726	177,555
Prepaid expenses, employee advances and other	10,240	34,012
Security deposits	17,284	4,852
Accounts payable	22,302	(110,026)
Accrued payroll and related expenses	(12,828)	(45,693)
Accrued expenses	(167)	36,400
Deferred revenue	(141,175)	233,233
Deferred rent	35,252	69,467
India termination benefits	17,592	(1,483)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(790,109)</b>	<b>518,807</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from Paycheck Protection Program loan		700,000
<b>Net Cash Provided by Financing Activities</b>		<b>700,000</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(790,109)</b>	<b>1,218,807</b>
Cash and cash equivalents balance, beginning of year	4,034,118	2,815,311
<b>Cash and Cash Equivalents Balance, End of Year</b>	<b>\$ 3,244,009</b>	<b>\$ 4,034,118</b>

See accompanying notes.



## LANDESA

### Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

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#### Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Landesa (the Organization) is a Washington nonprofit corporation founded 1981. Landesa is an international organization working to secure land rights for the world's poorest people. The Organization professionals have worked in over 40 developing countries in partnership with governments, non-governmental organization, 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. The Organization has offices in:

- Seattle, Washington, United States
- Beijing, China
- Bangalore, Kolkata, and New Delhi, India
- Monrovia, Liberia
- Yangon, Patheingyi, and Dawei, Myanmar (Burma)
- Dar es Salaam, Tanzania

Certain offices in India were closed during the year ended June 30, 2020.

The Organization does not hold significant amounts of assets or liabilities denominated in non-United States currency at June 30, 2021 and 2020. During the years ended June 30, 2021 and 2020, \$3,254,907 and \$3,466,634, respectively, of expenses were incurred outside of the United States of America.

The Organization receives significant revenue from multi-year grants. If the grant award is not contingent upon future actions, accounting principles generally accepted in the United States of America ("U.S. GAAP") require the Organization 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 the net assets.

**Principles of Consolidation** - These consolidated financial statements include the accounts of Landesa and Landesa's subsidiaries and controlled entities, including:

- Landesa Consulting, LLC, a Washington limited liability corporation whose sole member is Landesa.
- Rural Development Institute, a nonprofit trust organized under the laws of India.
- Landesa Private Limited Company, a private limited company organized under the laws of India.
- Landesa Foundation for Innovations in Development, a Section 8 company organized under the laws of India.

All intra-entity balances and transactions have been eliminated. All amounts in these consolidated financial statements are stated in United States dollars.

**Impacts of the Covid-19 Pandemic** - In early 2020, a novel strain of coronavirus (COVID-19) became prevalent throughout the world. The COVID-19 outbreak has caused business disruption through mandated and voluntary closings of businesses and organization in the United States and abroad. As a result, the Organization's facilities were temporarily closed and major fund raising events were cancelled in March 2020. Management continues to monitor events and conditions as they unfold and has established strategies to respond accordingly. The full financial impact to the Organization cannot be reasonably estimated at this time.

## LANDESA

### Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

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#### Note 1 - Continued

**Basis of Presentation** - Net assets and revenues, along with 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 report as follows:

Net Assets Without Donor Restriction - Net assets that are not subject to externally-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to externally-imposed restrictions that will be met either by action 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 restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

#### Revenue Recognition -

Contributions and Grants - Unconditional grants and contributions are recognized in the period received. A grant or contribution is considered conditional when it has a right of return/release and barriers to entitlement. Conditional grants and contributions are recognized in the period in which the conditions are met. All grants and contributions are available for general use unless specifically restricted by the donor. Payments received in advance for conditional contributions before the conditions are satisfied are recorded as deferred revenue. The Organization had \$494,234 and \$386,500 in conditional grants and contributions outstanding at June 30, 2021 and 2020 respectively as described in Note 3.

Contract Receivables/Revenue - Contract revenue is recognized as services are provided. 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 exceed cash advances received, then a receivable is recorded. However, if cash advances exceed support recognized, then a liability, deferred revenue, is recorded.

**In-Kind Contributions** - In-kind contributions represent contributed website services and legal services. These services were recorded at fair value and amounted to \$82,849 and \$89,042 for the years ended June 30, 2021 and 2020, respectively. In-kind services are only recognized if the services require a specialized skill that would otherwise be purchased by the Organization.

**Cash and Cash Equivalents** - The Organization considers highly liquid investments within original maturities of three months or less to be cash equivalents. The Organization 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** - Pledges and grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization records an estimated allowance for uncollectible pledges and grants receivable based on its assessment of possible uncollectible amounts. The Organization 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, 2021 and 2020, based on historical collection trends.

## LANDESA

### Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

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#### Note 1 - Continued

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 at 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.

**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** - The Organization recognized 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. The Organization has accrued a benefit for each eligible employee as of June 30, 2021 and 2020 of \$65,843 and \$48,251 respectively.

**Vulnerability From Certain Concentrations** - For the years ended June 30, 2021 and 2020, 33% and 40% of the Organization's revenue was from one entity, respectively. At June 30, 2021, 81% of receivables were due from one entity. At June 30, 2020, 88% of receivables were due from two entities. Management of the Organization is aware of the related vulnerability but does not anticipate any losses in connection with these concentrations, based on historical collections.

**Income Tax Status** - The Organization 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 Management 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 30%. Landesa Consulting LLC is subject to income tax in the People's Republic of China at a rate of 25%. No income tax expenses were incurred in India or China during the years ended June 30, 2021 and 2020, respectively.

**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, cost benefiting one category are directly charged. Other costs (rent and other occupancy, depreciation, telecommunications, information technology, consulting and professional fees, and other expenses) have been allocated among the categories benefited using the relative payroll and benefits for each area.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP 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.

## LANDESA

### Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

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#### Note 1 - Continued

**Reclassifications of Prior Year Balances** - Certain reclassifications have been made to prior year accounts to conform to the presentation in the current year consolidated financial statements. The reclassifications have no effect on the previously reported change in net assets or net asset balances.

**Subsequent Events** - The Organization has evaluated subsequent events through November 17, 2021 on which consolidated financial statements were available to be issued.

#### Note 2 - Pledges and Grants Receivable

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

	<u>2021</u>	<u>2020</u>
Amounts due in one to five years	\$ 3,000,000	\$ 4,225,000
Less unamortized discount to present value (0.50% - 0.96%)	<u>(55,439)</u>	<u>(54,305)</u>
Net long-term pledges and grants receivable	2,944,561	4,170,695
Amounts due in less than one year	<u>4,160,000</u>	<u>3,554,264</u>
<b>Total Pledges and Grants Receivable</b>	<b><u>\$ 7,104,561</u></b>	<b><u>\$ 7,724,959</u></b>

#### Note 3 - Conditional Awards

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

Conditional promises to give are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Conditional promises to give (project deliverables)	\$ 412,500	\$ 2,273,000
Less cumulative amount recognized	<u>(31,766)</u>	<u>(2,000,000)</u>
	380,734	273,000
Conditional promises to give (matching contributions)	<u>113,500</u>	<u>113,500</u>
<b>Total Conditional Awards</b>	<b><u>\$ 494,234</u></b>	<b><u>\$ 386,500</u></b>

**LANDESA****Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020****Note 4 - Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 285,393	\$ 285,393
Software	143,274	143,274
Leasehold improvements	<u>79,209</u>	<u>79,209</u>
Property and equipment	507,876	507,876
Less accumulated depreciation	<u>(426,474)</u>	<u>(374,681)</u>
<b>Property and equipment, net</b>	<b><u>\$ 81,402</u></b>	<b><u>\$ 133,195</u></b>

**Note 5 - Net Assets Without Donor Restrictions**

Net assets without donor restrictions at June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Board designated net assets	\$ 1,365,841	\$ 1,365,711
Undesignated	<u>(867,223)</u>	<u>(1,166,178)</u>
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 498,618</u></b>	<b><u>\$ 199,533</u></b>

**Note 6 - Net Assets With Donor Restrictions**

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

	<u>2021</u>	<u>2020</u>
Specific purpose-		
Program expenses:		
Southeast Asia	\$ 5,330,446	\$ 6,903,836
Africa	3,206,128	1,554,033
China	817,843	1,350,647
Global Projects	408,252	907,121
Landesa Center for Women's Land Rights	57,546	72,417
India	14,848	157,072
Global Advocacy		47,843
General support in future years	60,025	19,730
Passage of time-		
General support in future years		<u>50,000</u>
	<b><u>\$ 9,895,088</u></b>	<b><u>\$ 11,062,699</u></b>

## LANDESA

### Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

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#### Note 6 - Continued

Net assets released from restriction totaled \$5,043,581 and \$50,000 for program activities and passage of time respectively at June 30, 2021. Net assets released from restriction totaled \$5,168,167 for program activities at June 30, 2020.

#### Note 7 - Leases

The Organization leases office space in Seattle, Washington; Beijing, China; New Delhi, India; Yangon, Myanmar; and Pathein, Myanmar. The details of each lease are as follows:

- The Seattle lease is a noncancelable operating lease with original expiration of February 28, 2025. However, the Organization's Seattle office received a three month rent deferment in light of the recent pandemic, extending the lease through May 31, 2025. Subsequent to year end, the Organization entered into a new lease and is working with the landlord to terminate the current lease which is expected to be executed in fiscal year 2022. The new lease is a noncancelable operating lease for 62 months from the move-in date which is estimated to be finalized in October 2021.
- The Beijing lease is a noncancelable operating lease that expires on August 31, 2021.
- 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 expired on December 31, 2019. The lease was extended through March 14, 2021.
- The Pathein lease is a noncancelable operating lease that expired on June 30, 2021.

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

For the Year Ending June 30,

2022	\$	512,913
2023		530,717
2024		504,420
2025		<u>467,577</u>
	\$	<u><u>2,015,627</u></u>

Rent expense for the fiscal years ended June 30, 2021 and 2020 was \$660,441 and \$683,626, respectively.

#### Note 8 - Retirement Plan

The Organization 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 \$119,503 and \$127,320 for the years ended June 30, 2021 and 2020, respectively.

## LANDESA

### Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

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#### Note 9 - Related-Party Transactions

The Organization received contributions of \$204,275 and \$164,501 from members of the Board of Directors during the years ended June 30, 2021 and 2020, respectively.

The Organization received \$211,478 and \$183,394 of total revenue from related parties for the years ended June 30, 2021 and 2020, respectively. Related parties include a private foundation where a member of Organization's Board of Directors is a key member of management.

#### Note 10 - Paycheck Protection Program Loan

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. In May 2020, the Organization obtained a loan under the PPP with a principal balance of \$700,000 and an annual interest rate of 1%. All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met.

The Organization applied for and has been notified that the full amount of the loan in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven on April 29, 2021. Loan forgiveness is reflected in support and revenue in the accompanying consolidated statement of activities and changes in net assets.

#### Note 11 - Awards From the Foreign, Commonwealth and Development Office

The Organization has received several awards from the Foreign, Commonwealth & Development Office (FCDO), United Kingdom of Great Britain and Northern Ireland, to support specific projects. FCDO requires separate disclosure of revenues and expenses recognized in the Organization's financial statements. Revenue and expenses recognized, for these awards was as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Funds received during the year	\$ 509,348	\$ 935,696
Funds expended-		
Travel and program expenses	365,658	638,574
Salaries and benefits	111,225	225,123
Other direct costs	4,240	15,352
Occupancy costs	4,337	9,280
Overhead	<u>23,888</u>	<u>47,367</u>
Total expenditures	<u>509,348</u>	<u>935,696</u>
<b>Ending Balance of Unexpended Funds</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

As disclosed in Note 1, revenue for these awards is recognized as related allowable project costs are incurred and is included in contract revenue on the consolidated statements of activities.

## LANDESA

### Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

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#### Note 12 - 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, the Organization has formed two additional legal entities in India: Landesa Foundation for Innovations in Development (a Section 8 company) and Landesa Consulting Private Limited (a private limited company). It is intended that the Section 8 company will eventually replace RDI India Trust.

#### Note 13 - Liquidity and Availability of Resources

The Organization 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, the Organization maintains an operating reserve equal to at least three months of budgeted unsecured operating expenses. The operating reserve balance as of June 30, 2021 and 2020 was \$1,365,841 and \$1,365,711, respectively.

The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, 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 5, but all were considered available at June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,244,009	\$ 4,034,118
Pledges and grants receivable	7,104,561	7,108,528
Contracts receivable	<u>571,132</u>	<u>728,858</u>
Total financial assets	10,919,702	11,871,504
Net assets with donor restrictions	<u>(9,895,088)</u>	<u>(11,062,699)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 1,024,614</u></b>	<b><u>\$ 808,805</u></b>