



Consolidated Financial Statements

For the Years Ended June 30, 2022 and 2021

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## Independent Auditor's Report

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

### Opinion

We have audited the consolidated financial statements of Landesa and its subsidiaries (collectively the Organization), which comprise the consolidated statements financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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## 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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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.

*Clark Nuber PS*

Certified Public Accountants  
November 3, 2022

LANDESA

Consolidated Statements of Financial Position  
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 7,314,671	\$ 3,178,476
Pledges and grants receivable, current (Note 2)	3,910,000	4,160,000
Contracts receivable	267,000	571,132
Prepaid expenses, employee advances and other	503,631	249,663
<b>Total Current Assets</b>	<b>11,995,302</b>	<b>8,159,271</b>
Investments	20,103,137	65,533
Long-term pledges and grants receivable, less discount (Note 2)	4,242,090	2,944,561
Property and equipment, net (Note 4)	30,183	81,402
Security deposits	52,576	80,671
<b>Total Assets</b>	<b>\$ 36,423,288</b>	<b>\$ 11,331,438</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 192,760	\$ 92,606
Accrued payroll and related expenses	486,842	448,756
Accrued expenses	192,538	81,494
Deferred revenue	72,470	92,058
Deferred rent, current	18,341	18,773
<b>Total Current Liabilities</b>	<b>962,951</b>	<b>733,687</b>
Deferred rent, long-term	11,741	138,202
India termination benefits	77,373	65,843
<b>Total Liabilities</b>	<b>1,052,065</b>	<b>937,732</b>
<b>Net Assets:</b>		
Without donor restrictions (Note 5)	19,300,338	498,618
With donor restrictions (Note 6)	16,070,884	9,895,088
<b>Total Net Assets</b>	<b>35,371,222</b>	<b>10,393,706</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 36,423,288</b>	<b>\$ 11,331,438</b>

See accompanying notes.

LANDESA

Consolidated Statements of Activities  
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Grants and contributions	\$ 21,984,927	\$ 13,550,811	\$ 35,535,738	\$ 2,093,401	\$ 4,435,318	\$ 6,528,719
Contract revenue	1,281,513		1,281,513	1,589,478		1,589,478
Paycheck Protection Program loan forgiveness (Note 10)				700,000		700,000
In-kind contributions (Note 1)	68,209		68,209	82,849		82,849
Special events revenue, net of expenses of \$98,369 (\$66,426 - 2021)	59,529		59,529	128,035		128,035
Interest and other revenue	28,991		28,991	327		327
Other (losses) and gains	(53,047)		(53,047)	5,415		5,415
Net assets released from restrictions	7,375,015	(7,375,015)		5,602,929	(5,602,929)	
<b>Total Support and Revenue</b>	<b>30,745,137</b>	<b>6,175,796</b>	<b>36,920,933</b>	<b>10,202,434</b>	<b>(1,167,611)</b>	<b>9,034,823</b>
<b>Expenses:</b>						
Land rights activities (program)	9,571,094		9,571,094	7,297,112		7,297,112
Supporting services-						
Management and general	1,425,539		1,425,539	1,482,931		1,482,931
Fundraising	946,784		946,784	1,123,306		1,123,306
Total support services	2,372,323		2,372,323	2,606,237		2,606,237
<b>Total Expenses</b>	<b>11,943,417</b>		<b>11,943,417</b>	<b>9,903,349</b>		<b>9,903,349</b>
<b>Change in Net Assets</b>	<b>18,801,720</b>	<b>6,175,796</b>	<b>24,977,516</b>	<b>299,085</b>	<b>(1,167,611)</b>	<b>(868,526)</b>
Net assets, beginning of year	498,618	9,895,088	10,393,706	199,533	11,062,699	11,262,232
<b>Net Assets, End of Year</b>	<b>\$ 19,300,338</b>	<b>\$ 16,070,884</b>	<b>\$ 35,371,222</b>	<b>\$ 498,618</b>	<b>\$ 9,895,088</b>	<b>\$ 10,393,706</b>

See accompanying notes.

LANDESA

Consolidated Statements of Functional Expenses  
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	Land Rights Activities	Management and General	Fundraising	Total	Land Rights Activities	Management and General	Fundraising	Total
Salaries and related payroll costs	\$ 4,405,161	\$ 1,237,887	\$ 686,791	\$ 6,329,839	\$ 4,134,439	\$ 1,313,531	\$ 807,889	\$ 6,255,859
Program consulting	3,567,500		11,117	3,578,617	1,740,353	2,925	56,607	1,799,885
Project operations cost	773,968	4,424	89,465	867,857	369,891	824	9,120	379,835
Rent and other occupancy costs	240,064	22,297	12,988	275,349	475,153	86,238	128,090	689,481
Other expenses	106,499	25,615	112,398	244,512	120,359	6,357	75,471	202,187
Consulting and professional fees	108,770	92,409	80,810	281,989	183,412	31,759	49,167	264,338
Information technology	165,147	36,893	35,583	237,623	105,005	23,298	27,859	156,162
Media, online and print material	100,929	319	9,076	110,324	36,220	1,716	14,289	52,225
In-kind expenses	68,312			68,312	77,927	3,048	1,874	82,849
Telecommunications	15,106	1,642	1,127	17,875	26,397	5,036	3,728	35,161
Depreciation	19,638	4,053	5,798	29,489	27,956	8,199	15,638	51,793
Total expenses	9,571,094	1,425,539	1,045,153	12,041,786	7,297,112	1,482,931	1,189,732	9,969,775
Less expenses netted with revenue			(98,369)	(98,369)			(66,426)	(66,426)
<b>Total Functional Expenses</b>	<b>\$ 9,571,094</b>	<b>\$ 1,425,539</b>	<b>\$ 946,784</b>	<b>\$ 11,943,417</b>	<b>\$ 7,297,112</b>	<b>\$ 1,482,931</b>	<b>\$ 1,123,306</b>	<b>\$ 9,903,349</b>

See accompanying notes.

**LANDESA**

**Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Total change in net assets	\$ 24,977,516	\$ (868,526)
Adjustments to reconcile change in net assets to net cash flows provide by (used in) operating activities-		
Paycheck Protection Program loan forgiveness		(700,000)
Depreciation	29,489	51,793
Loss on disposal	53,047	
Changes in operating assets and liabilities:		
Pledges and grants receivable	(1,047,529)	620,398
Contracts receivable	304,132	157,726
Prepaid expenses, employee advances and other	(253,968)	10,240
Security deposits	28,095	17,284
Accounts payable	100,154	22,302
Accrued payroll and related expenses	38,086	(12,828)
Accrued expenses	111,044	(167)
Deferred revenue	(19,588)	(141,175)
Deferred rent	(126,893)	35,252
India termination benefits	11,530	17,592
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>24,205,116</u></b>	<b><u>(790,109)</u></b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of investment	(20,037,604)	(65,533)
Purchase of fixed assets	(31,317)	
<b>Net Cash Used in Investing Activities</b>	<b><u>(20,068,921)</u></b>	<b><u>(65,533)</u></b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>4,136,195</b>	<b>(855,642)</b>
Cash and cash equivalents balance, beginning of year	3,178,476	4,034,118
<b>Cash and Cash Equivalents Balance, End of Year</b>	<b><u>\$ 7,314,671</u></b>	<b><u>\$ 3,178,476</u></b>

See accompanying notes.



## LANDESA

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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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's 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. 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

The Organization does not hold significant amounts of assets or liabilities denominated in non-United States currency at June 30, 2022 and 2021. During the years ended June 30, 2022 and 2021, \$4,079,728 and \$3,254,907, 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.

**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 the Organization's foreign and domestic activities. Accordingly, the net assets of Organization 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.

## LANDESA

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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#### Note 1 - Continued

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. Conditional grants include cost-reimbursement grants for which the Organization recognizes revenue in the period in which eligible costs are incurred. Payments received in advance for conditional contributions before the conditions are satisfied are recorded as deferred revenue. The Organization had \$20,511,079 and \$937,260 in conditional grants and contributions outstanding at June 30, 2022 and 2021 respectively as described in Note 3.

Contract Receivables/Revenue - Contract revenue is recognized as services are provided. Revenue from time and materials contracts is recognized when eligible costs are incurred. Revenue from performance-based contracts is recognized when performance is completed. If revenue recognized exceed cash advances received, then a receivable is recorded. If cash advances exceed revenue recognized, then a liability, deferred revenue, is recorded.

**In-Kind Contributions** - In-kind contributions represent contributed website services and legal services which are used in operations. These services were recorded at fair value and amounted to \$68,209 and \$82,849 for the years ended June 30, 2022 and 2021, 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 except cash balances held in investments. 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.

**Investments** - Investments in debt and equity securities with readily determinable market values are recorded at fair value.

The fair value of investments in securities traded on national securities exchanges are stated at the closing price on the last business day of the fiscal year. Net realized and unrealized gains and losses on investments is presented on the consolidated statements of activities, with respect to any donor restrictions. Investment return is presented net of related investment fees.

**Pledges 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, 2022 and 2021, based on historical collection trends.

## LANDESA

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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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 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. The Organization has accrued a benefit for each eligible employee as of June 30, 2022 and 2021 of \$77,373 and \$65,843 respectively.

**Vulnerability From Certain Concentrations** - For the years ended June 30, 2022 and 2021, 75% and 33% of the Organization's revenue was from two entities and one entity, respectively. At June 30, 2022, 94% of receivables were due from one entity. At June 30, 2021, 81% of receivables were due from one entity. 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, 2022 and 2021, 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 Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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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 with respect to the consolidated financial statements for the year ended June 30, 2022 through November 3, 2022, the date the consolidated financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements, nor have any events occurred, the nature of which would require disclosure, except as follows. Effective December 31, 2022, the Organization will cease operations from its Myanmar office due to difficulties in the operating environment. Severance payments and other costs incurred to close the office cannot be reasonably estimated at this time.

#### Note 2 - Pledges and Grants Receivable

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

	<u>2022</u>	<u>2021</u>
Amounts due in one to five years	\$ 4,600,000	\$ 3,000,000
Less unamortized discount to present value (0.66% - 3.51%)	<u>(357,910)</u>	<u>(55,439)</u>
Net long-term pledges and grants receivable	4,242,090	2,944,561
Amounts due in less than one year	<u>3,910,000</u>	<u>4,160,000</u>
<b>Total Pledges and Grants Receivable</b>	<b><u>\$ 8,152,090</u></b>	<b><u>\$ 7,104,561</u></b>

#### Note 3 - Conditional Awards

Conditional promises to give are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Conditional promises to give (project deliverables)	\$ 24,646,541	\$ 3,391,858
Less cumulative amount recognized	<u>(4,190,462)</u>	<u>(2,568,098)</u>
	20,456,079	823,760
Conditional promises to give (matching contributions)	113,500	113,500
Less cumulative amount recognized	<u>(58,500)</u>	<u></u>
	<u>55,000</u>	<u>113,500</u>
<b>Total Conditional Awards</b>	<b><u>\$ 20,511,079</u></b>	<b><u>\$ 937,260</u></b>

The Organization expects to satisfy the conditions contained in these grants over the next three years.

## LANDESA

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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#### Note 4 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 184,845	\$ 285,393
Software	153,274	143,274
Leasehold improvements	<u>14,333</u>	<u>79,209</u>
Property and equipment	352,452	507,876
Less accumulated depreciation	<u>(322,269)</u>	<u>(426,474)</u>
<b>Property and Equipment, Net</b>	<b><u>\$ 30,183</u></b>	<b><u>\$ 81,402</u></b>

#### Note 5 - Investments and Fair Value Measurements

U.S. GAAP defines fair value and establishes a framework to measuring fair value and requires disclosures about fair value measurement. To increase consistency and comparability in fair value measurements, U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation approaches on three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to an unobservable input (Level 3).

**Valuation Techniques** - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's judgment about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodologies used for the Organization's investments measured at fair value. There have been no changes in methodologies used at June 30, 2021 and 2020.

Mutual Funds - Valued using the market approach based on quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Organization at year end (level 1).

The fair values of investments measured on a recurring basis consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Mutual funds, government obligations	\$ 20,011,803	\$ -
Cash held in investments at cost	<u>91,334</u>	<u>65,533</u>
	<b><u>\$ 20,103,137</u></b>	<b><u>\$ 65,533</u></b>

The Organization's investments were all valued using level 1 inputs for the year ended June 30, 2022 and 2021.

## LANDESA

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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#### Note 6 - Net Assets Without Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Board designated net assets	\$ 1,365,983	\$ 1,365,841
Undesignated	<u>17,934,355</u>	<u>(867,223)</u>
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 19,300,338</u></b>	<b><u>\$ 498,618</u></b>

The board has designated funds for operating reserves.

#### Note 7 - Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Specific purpose-		
Program expenses:		
Southeast Asia	\$ 10,947,356	\$ 5,330,446
Africa	3,552,582	3,206,128
China	243,348	817,843
Global Projects	1,019,561	408,252
Landesa Center for Women's Land Rights	45,287	57,546
India	143,021	14,848
Passage of time-		
General support in future years	<u>119,729</u>	<u>60,025</u>
	<b><u>\$ 16,070,884</u></b>	<b><u>\$ 9,895,088</u></b>

Net assets released from restriction totaled \$7,375,015 for program activities at June 30, 2022. Net assets released from restriction totaled \$5,602,929 and \$50,000 for program activities and passage of time respectively at June 30, 2021.

#### Note 8 - 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 prior Seattle lease was terminated as of October 11, 2021. The new Seattle lease is a noncancelable operating lease that expires December 1, 2026.
- The Beijing lease is a noncancelable operating lease that expired 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.

## LANDESA

### Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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#### Note 8 - Continued

Future minimum lease payments for the offices under noncancelable operating leases are as follows:

For the Year Ending June 30, 2022:

2023	\$	158,799
2024		165,977
2025		128,740
2026		124,053
		<hr/>
	\$	<u>577,569</u>

Rent expense for the fiscal years ended June 30, 2022 and 2021 was \$269,397 and \$660,441, respectively.

#### Note 9 - 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 employer contributions related to the Plan were \$123,281 and \$119,503 for the years ended June 30, 2022 and 2021, respectively.

#### 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 loan forgiveness, and was notified on April 29, 2021 that because all loan proceeds were used for eligible expenditures for payroll and other expenses described in the CARES act, the loan was forgiven in its entirety. Loan forgiveness is reflected in support and revenue in the accompanying consolidated statement of activities and changes in net assets.

#### Note 11 - Employee Retention Tax Credit

Included in the CARES Act (Note 10) was the Employee Retention Tax Credit (ERTC) to encourage businesses and not-for-profit organizations impacted by COVID-19 to keep employees on their payroll. The ERTC is a refundable tax credit computed based on wages paid by the Organization. The Organization's accounting policy for the ERTC is to record revenue at the time management approves the calculation necessary to file the claim for the credits with the Internal Revenue Service. Total ERTC revenue recognized during the year ended August 31, 2021, was \$224,000 and is included in grants and contributions on the consolidated statement of activities.

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### Notes to Consolidated Financial Statements For the Years Ended June 30, 2022 and 2021

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#### Note 12 - Related-Party Transactions

The Organization received contributions of \$176,990 and \$204,275 from members of the Board of Directors during the years ended June 30, 2022 and 2021, respectively.

The Organization received \$900,110 and \$211,478 of total revenue from related parties for the years ended June 30, 2022 and 2021, respectively. Related parties include a private foundation where a member of Organization's Board of Directors is a key member of management.

#### Note 13 - 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Funds received during the year	\$ 330,082	\$ 509,348
Less Funds expended-		
Travel and program expenses	188,276	365,658
Salaries and benefits	99,831	111,225
Other direct costs	10,000	4,240
Occupancy costs	4,068	4,337
Overhead	<u>27,907</u>	<u>23,888</u>
Total expended	<u>330,082</u>	<u>509,348</u>
<b>Ending Balance of Unexpended Funds</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

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

#### Note 14 - 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.



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Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2022 and 2021

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**Note 15 - 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, 2022 and 2021 was \$1,365,983 and \$1,365,841, respectively (Note 6).

The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, 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.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 7,314,671	\$ 3,178,476
Pledges and grants receivable	8,152,090	7,104,561
Investments	20,103,137	65,533
Contracts receivable	<u>267,000</u>	<u>571,132</u>
Total financial assets	35,836,898	10,919,702
Less amounts not available to be used within one year-		
Net assets with donor restrictions	(16,070,884)	(9,895,088)
Plus net assets with restrictions to be met in less than a year	6,864,778	4,709,221
Board-designated funds for future use	<u>(1,365,983)</u>	<u>(1,365,841)</u>
	<u>(10,572,089)</u>	<u>(6,551,708)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 25,264,809</u></b>	<b><u>\$ 4,367,994</u></b>