



Financial Statements

For the Years Ended December 31, 2020 and 2019

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## **Independent Auditor's Report**

**To the Board of Directors  
Relief International, Inc.  
Wilmington, Delaware**

We have audited the accompanying financial statements of Relief International, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, 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.

*Clark Nuber P.S.*

Certified Public Accountants  
November 17, 2021

RELIEF INTERNATIONAL, INC.

Statements of Financial Position  
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 8,917,796	\$ 5,844,847
Grants receivable	5,325,336	3,580,807
Prepaid expenses and other assets	3,224,066	2,629,295
Voluntary emissions reduction asset	225,000	51,511
Microfinance loans receivable, net	2,279,830	2,581,338
Security deposits	154,293	124,416
Property and equipment, net	110,194	55,343
<b>Total Assets</b>	<b><u>\$ 20,236,515</u></b>	<b><u>\$ 14,867,557</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 11,110,292	\$ 9,695,976
Refundable advances	1,925,670	1,739,300
Funds held for affiliates, net	5,647,589	1,952,868
Voluntary emissions reduction obligation	225,000	51,511
Paycheck Protection Program loan	140,762	
<b>Total Liabilities</b>	<b>19,049,313</b>	<b>13,439,655</b>
<b>Net Assets:</b>		
Net assets without donor restrictions	726,798	1,208,863
Net assets with donor restrictions	460,404	219,039
<b>Total Net Assets</b>	<b><u>1,187,202</u></b>	<b><u>1,427,902</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 20,236,515</u></b>	<b><u>\$ 14,867,557</u></b>

See accompanying notes.

RELIEF INTERNATIONAL, INC.

Statement of Activities  
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support:</b>			
Grants and contributions	\$ 55,710,080	\$ -	\$ 55,710,080
Private donations	714,777	1,739,089	2,453,866
Contributed goods and services	217,182		217,182
Paycheck Protection Program grant	623,753		623,753
Microfinance loan interest	609,807		609,807
Voluntary emissions reduction sales	940,740		940,740
Other	94,397		94,397
Net assets released from restrictions	1,497,724	(1,497,724)	
<b>Total Revenues and Support</b>	<b>60,408,460</b>	<b>241,365</b>	<b>60,649,825</b>
<b>Expenses:</b>			
Program services-			
Economic opportunity	3,428,081		3,428,081
Education	3,488,880		3,488,880
Health	8,517,221		8,517,221
Multi-sectoral	31,807,672		31,807,672
WASH	1,086,777		1,086,777
Other	3,131,354		3,131,354
Total program services	51,459,985		51,459,985
Supporting services-			
General and administrative	9,215,576		9,215,576
Fundraising	214,964		214,964
Total supporting services	9,430,540		9,430,540
<b>Total Expenses</b>	<b>60,890,525</b>		<b>60,890,525</b>
<b>Change in Net Assets</b>	<b>(482,065)</b>	<b>241,365</b>	<b>(240,700)</b>
Net assets, beginning of year	1,208,863	219,039	1,427,902
<b>Net Assets, End of Year</b>	<b>\$ 726,798</b>	<b>\$ 460,404</b>	<b>\$ 1,187,202</b>

See accompanying notes.

RELIEF INTERNATIONAL, INC.

Statement of Activities  
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support:</b>			
Grants and contributions	\$ 41,853,924	\$ 83,000	\$ 41,936,924
Private donations	475,732	202,136	677,868
Contributed goods and services	321,585		321,585
Microfinance loan interest	1,052,337		1,052,337
Voluntary emissions reduction sales	554,230		554,230
Other	197,931		197,931
Net assets released from restrictions	493,430	(493,430)	
<b>Total Revenues and Support</b>	<b>44,949,169</b>	<b>(208,294)</b>	<b>44,740,875</b>
<b>Expenses:</b>			
Program services-			
Economic opportunity	1,656,880		1,656,880
Education	586,086		586,086
Health	3,686,050		3,686,050
Multi-sectoral	26,490,864		26,490,864
WASH	717,957		717,957
Other	4,725,163		4,725,163
Total program services	37,863,000		37,863,000
Supporting services-			
General and administrative	8,493,696		8,493,696
Fundraising	196,609		196,609
Total supporting services	8,690,305		8,690,305
<b>Total Expenses</b>	<b>46,553,305</b>		<b>46,553,305</b>
<b>Change in Net Assets</b>	<b>(1,604,136)</b>	<b>(208,294)</b>	<b>(1,812,430)</b>
Net assets, beginning of year	2,812,999	427,333	3,240,332
<b>Net Assets, End of Year</b>	<b>\$ 1,208,863</b>	<b>\$ 219,039</b>	<b>\$ 1,427,902</b>

See accompanying notes.

RELIEF INTERNATIONAL, INC.

Statement of Functional Expenses  
For the Year Ended December 31, 2020

	Program Services						Support Services				
	Economic Opportunity	Education	Health	Multi-Sectorial	WASH	Other	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Allowances	\$ 52,772	\$ 28,113	\$ 166,782	\$ 693,881	\$ 25,015	\$ 52,489	\$ 1,019,052	\$ 39,689	\$ -	\$ 39,689	\$ 1,058,741
Benefits	129,544	131,931	346,300	1,910,852	92,060	75,164	2,685,851	805,402	26,111	831,513	3,517,364
Communications, outreach and media		13,125	5,188	31,009	419	1,631	51,372	2,056	139	2,195	53,567
Equipment purchases	18,713	237,154	391,517	563,286	650	47,956	1,259,276	121,604	1,453	123,057	1,382,333
Events and meetings	1,607	261,251	23,725	283,873	14,897	57,469	642,822	4,427		4,427	647,249
Insurance	1,359	1,255	2,156	9,542	77		14,389	175,993		175,993	190,382
Items distributed to beneficiaries	11,130		459,684	625,136		1,537,170	2,633,120				2,633,120
Operating costs	662,543	78,501	2,674,474	8,610,548	369,191	242,878	12,638,135	2,325,339	3,427	2,328,766	14,966,901
Payroll related costs		798	89				887	85,216		85,216	86,103
Professional fees	157,982	32,911	68,893	259,602	3,325	35,682	558,395	645,926	18,387	664,313	1,222,708
Project operating costs	496,190	185,892	1,066,569	2,284,034	52,928	166,625	4,252,238	5		5	4,252,243
Rentals and freight	7,801	107,961	194,517	790,457	22,145	58,426	1,181,307	15,244		15,244	1,196,551
Retirement plan	158,582	59,822	88,724	598,971	2,376	61,946	970,421	249,036	6,158	255,194	1,225,615
Salary and wages	1,570,319	2,176,838	2,685,143	14,090,406	458,510	701,533	21,682,749	4,213,667	145,459	4,359,126	26,041,875
Taxes and social security	17,710	132,745	64,381	190,587	31,938	60,451	497,812	414,034	13,073	427,107	924,919
Travel	141,829	40,583	279,079	865,488	13,246	31,934	1,372,159	117,938	757	118,695	1,490,854
<b>Total Expenses</b>	<b>\$ 3,428,081</b>	<b>\$ 3,488,880</b>	<b>\$ 8,517,221</b>	<b>\$ 31,807,672</b>	<b>\$ 1,086,777</b>	<b>\$ 3,131,354</b>	<b>\$ 51,459,985</b>	<b>\$ 9,215,576</b>	<b>\$ 214,964</b>	<b>\$ 9,430,540</b>	<b>\$ 60,890,525</b>

See accompanying notes.



RELIEF INTERNATIONAL, INC.

Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Program Services						Support Services			Total	
	Economic Opportunity	Education	Health	Multi-Sectorial	WASH	Other	Total Program Services	General and Administrative	Fundraising		Total Support Services
Allowances	\$ 13,704	\$ 8,392	\$ 78,846	\$ 677,050	\$ 37,025	\$ 98,025	\$ 913,042	\$ 130,238	\$ -	\$ 130,238	\$ 1,043,280
Benefits	32,090	24,347	209,813	1,605,643	72,683	161,885	2,106,461	748,802	47,478	796,280	2,902,741
Communications, outreach and media		2,665	9,944	10,829	2,146	1,092	26,676	4,237		4,237	30,913
Equipment purchases	8,720	30,233	15,020	980,258	24,473	165,215	1,223,919	61,766		61,766	1,285,685
Events and meetings	1,320	17,687	7,499	421,140	20,622	78,295	546,563	127,101		127,101	673,664
Insurance	970	778	7	68,967		1,131	71,853	170,096		170,096	241,949
Items distributed to beneficiaries			90,881	953,614		1,565,731	2,610,226				2,610,226
Operating costs	468,608	12,670	1,710,398	4,633,250	51,361	503,430	7,379,717	1,136,615		1,136,615	8,516,332
Payroll related costs		247					247	73,656		73,656	73,903
Professional fees	88,730	21,030	110,772	357,543	14,186	158,489	750,750	1,348,926		1,348,926	2,099,676
Project operating costs	174,366	34,149	111,015	2,176,396	78,586	372,726	2,947,238	2,103		2,103	2,949,341
Rentals and freight	134	24,502	19,019	603,434	16,519	145,937	809,545	29,292		29,292	838,837
Retirement plan	30,170	13,335	89,685	598,625	2,703	95,640	830,158	215,766		215,766	1,045,924
Salary and wages	737,180	354,901	1,108,790	12,094,117	348,159	1,205,598	15,848,745	3,381,711	149,131	3,530,842	19,379,587
Taxes and social security	2,107	28,891	18,618	126,812	23,399	92,329	292,156	320,379		320,379	612,535
Travel	98,781	12,259	105,743	1,183,186	26,095	79,640	1,505,704	743,008		743,008	2,248,712
<b>Total Expenses</b>	<b>\$ 1,656,880</b>	<b>\$ 586,086</b>	<b>\$ 3,686,050</b>	<b>\$ 26,490,864</b>	<b>\$ 717,957</b>	<b>\$ 4,725,163</b>	<b>\$ 37,863,000</b>	<b>\$ 8,493,696</b>	<b>\$ 196,609</b>	<b>\$ 8,690,305</b>	<b>\$ 46,553,305</b>

See accompanying notes.

RELIEF INTERNATIONAL, INC.

Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Cash From Operating Activities:</b>		
Change in net assets	\$ (240,700)	\$ (1,812,430)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Receipt of contributed goods and services	(217,182)	(321,585)
Distribution of contributed goods and services	217,182	321,585
Depreciation	11,848	27,786
Noncash investing and financing activities:		
Change in provision for microloan losses	94,514	9,369
Loss on disposal of property and equipment		35,709
Changes in operating assets and liabilities:		
Grants receivable	(1,744,529)	(973,404)
Prepaid expenses, other receivables and other	(594,771)	(1,371,252)
Voluntary emissions reduction asset	(173,489)	(51,511)
Security deposits	(29,877)	71,881
Accounts payable and accrued expenses	1,414,316	2,343,985
Refundable advances	186,370	129,682
Funds held for affiliates, net	3,694,721	(1,341,639)
Voluntary emissions reduction obligation	173,489	51,511
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>2,791,892</b>	<b>(2,880,313)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	(66,699)	(113,141)
Net advances for microfinance loans	206,994	348,850
<b>Net Cash Provided by Investing Activities</b>	<b>140,295</b>	<b>235,709</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from Paycheck Protection Program loan	140,762	
<b>Net Cash Provided by Financing Activities</b>	<b>140,762</b>	
<b>Net Change in Cash and Cash Equivalents</b>	<b>3,072,949</b>	<b>(2,644,604)</b>
Cash and cash equivalents, beginning of year	5,844,847	8,489,451
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 8,917,796</b>	<b>\$ 5,844,847</b>

See accompanying notes.

## RELIEF INTERNATIONAL, INC.

### Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

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#### Note 1 - Organization and Summary of Accounting Policies

Relief International, Inc. (the Organization) is a leading humanitarian nonprofit agency committed to achieving relief from poverty, building resilience, and promoting dignity and well-being of the world's most vulnerable populations. By partnering with people in the communities where we work, we bridge the gap between immediate relief and long-term community development. The Organization is non-sectarian and non-political in its mission. The Organization's programs focus on four sectors: health; education; water, sanitation and hygiene (WASH); and economic opportunity. We design every program to follow "The RI Way", which includes global participation, integration across sectors, partnerships, and civic skills development. Past and current programs have included assistance to refugees, displaced, and other vulnerable communities in Afghanistan, Azerbaijan, Bangladesh, Ghana, Guinea, Haiti, Iran, Iraq, Jordan, Kenya, Lebanon, Myanmar, Niger, Pakistan, Palestinian territories, Philippines, Senegal, Somalia, Sudan, Turkey, South Sudan, Uganda and Yemen.

Relief International receives awards, grants and contributions from the United States Agency for International Development (USAID), the United States Department of State (DOS), various foundations, and other international organizations.

Relief International was originally founded in June 1990 and is a Delaware nonprofit, nonstock corporation. Relief International-Kenya is registered in Kenya as an International Nongovernmental Organization under Section 10 of the NGOs Co-ordination Act of 1990, certification of registration N.218/015/2007/0183/4781 dated September 27, 2007. Relief International-Kenya operates as a country office and does not have programs or operations other than those of Relief International Alliance projects. All activities of Relief International-Kenya are included in these financial statements. Enterprise Works, LLC is a dormant entity registered in Delaware.

**Basis of Presentation** - The financial statements of the Organization have been prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization has presented unclassified statements of financial position which sequence assets according to their nearness of conversion to cash and sequence liabilities according to the nearness of their maturity and resulting use of cash.

For the purposes of financial reporting, the Organization classifies resources into two net asset categories pursuant to donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Revenue and support are reported as increases in net assets without donor restrictions unless the use of the related assets is 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. Donor restrictions expire when the donor-stipulated purpose has been fulfilled and/or the donor-stipulated time period has elapsed. Expirations of donor restrictions result in the reclassification of net assets with donor restrictions to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Conditional grants and contributions for which conditions have been satisfied are reported as revenues without donor restrictions.

**RELIEF INTERNATIONAL, INC.**

**Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019**

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**Note 1 - Continued**

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Organization considers cash on hand and deposits in U.S. and foreign banks with maturities of three months or less to be cash equivalents.

**Grants Receivable** - Grants receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. Management considers all amounts to be fully collectible as of December 31, 2020 and 2019. All grants receivable are expected to be collected within one year.

**Prepaid Expenses and Other Assets** - Other assets consist of field office, staff, and subcontractor advances. Management considers the advances fully recoverable. Prepaid expenses totaled \$917,363 and \$1,139,917 as of December 31, 2020 and 2019, respectively. Other assets totaled \$2,306,703, and \$1,489,378 as of December 31, 2020 and 2019, respectively.

**Voluntary Emissions Reduction Asset and Obligation** - The Organization is the beneficiary under a program, "Gyapa Improved Stoves in Ghana," related to the sale of voluntary emissions reductions (VERs) earned from its production of fuel-efficient stoves in Ghana (Note 4). The Organization records an asset and a liability when VERs have been certified and there is a contract for sale in place and has incurred an obligation to perform by delivering the VERs. The VERs are valued at the price stated in the contract.

**Microfinance Loans Receivable** - Microfinance loans receivable consists of loans made under the Organization's microfinance programs (Note 2). Loans that management has the intent and ability to hold for the foreseeable future, until maturity or until payoff, are reported at the principal balance outstanding, net of an allowance for loan losses.

**Property and Equipment** - The Organization capitalizes property and equipment with a cost or donated value of \$5,000 or greater. The cost of property and equipment is depreciated over the estimated useful life of the asset and is computed using the straight-line method over three to five years. Maintenance and repairs are charged to expense as incurred.

The Organization purchases equipment for its various programs with funding received from the U.S. Government and other donors. Under the terms of these agreements, title to equipment remains with the Organization; however, the donor generally retains control of the equipment until disposition at the end of the award period. In most cases, under the direction of the donor, the Organization donates this equipment to local relief and humanitarian organizations at the end of the award period. The majority of the awards are for terms of less than two years; therefore, equipment purchased under these programs is expensed when purchased, and such assets are not reflected as capital assets in the statements of financial position.

**Revenue Recognition** - Unconditional grants and contributions are recognized as revenue in the period committed or received. Conditional promises to give are recognized as revenue in the period in which the conditions upon which they depend have been satisfied.

Grants and contracts that are awarded to the Organization from U.S. Government, foreign government agencies and pass-through agencies are accounted for as conditional grants, and revenue without donor restrictions is recognized when qualifying expenditures related to specified programs are incurred and other conditions have been satisfied. When funds are received in advance of conditions being satisfied, the unspent funds are recorded in the statements of financial position as refundable advances. When conditions have been satisfied prior to receiving funds from the U.S. Government and foreign government agencies, including pass-through agencies, grants receivable is recorded.

**RELIEF INTERNATIONAL, INC.**

**Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019**

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**Note 1 - Continued**

Outstanding conditional grants and contributions totaled approximately \$66,130,400 and \$43,206,500 as of December 31, 2020 and 2019, respectively. The conditions contained in the grants and contributions are expected to be satisfied and the related revenue is expected to be recognized generally within one year from the date of the statements of financial position.

Revenue from the sale of VERs (Note 4) is recognized in the period the VERs are delivered and the point in time Organization's performance obligation has been completed.

**Contributed Goods and Services** - Contributed goods and services consist of donated food, services, supplies and other relief commodities. These contributions are recorded at their fair value on the date the goods and services are provided based on observable pricing in the market of highest and best use. The goods are used by or distributed under the Organization's programs. The Organization also receives contributed goods and services for which an estimate of the fair value is not determinable; therefore, these contributed goods and services are not reflected in the statements of activities.

**Functional Expenses** - The costs of providing the various programs and other activities has been summarized on a functional basis in the statements of activities. Wherever appropriate, costs are charged directly to programs by functional area, and costs benefiting multiple functions are allocated based upon a variety of cost drivers that measure relative effort, shared space, or another appropriate basis upon which to allocate costs.

**Tax Exempt Status** - The Organization is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) and is not classified as a private foundation under Section 501(a) of the IRC. Accordingly, the Organization has not made any provision for income tax expense in the accompanying financial statements.

**Foreign Currency Translation** - Substantially all assets and liabilities of the Organization that are held in foreign currencies are translated at year end exchange rates. Revenues, gains, other support, and expenses are translated at the average monthly exchange rates during the year. Gains and losses from foreign currency translation were not material to the financial statements taken as a whole and are not reflected separately in the financial statements.

**Vulnerability From Certain Concentrations and Risks** - Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents and microfinance loans receivable (Note 2). The Organization had approximately \$5,988,000 and \$4,148,000 in cash and cash equivalents held at financial institutions and on hand in foreign countries as of December 31, 2020 and 2019, respectively, of which approximately \$2,861,000 and \$1,550,000 was held in foreign currencies, respectively. The majority of the funds invested in foreign countries is uninsured. Cash and cash equivalents held by financial institutions in the U.S. at times exceed Federal Deposit Insurance Corporation insured limits. Management believes the risk in these situations to be minimal.

The Organization's credit risk arises primarily from its lending activity through its microfinance programs (Note 2) and results when a borrower or counterparty to a financial instrument fails to meet its contractual obligations. Allowances for impairment are accounted for when there is objective evidence that the loans and advances to borrowers are impaired. Significant changes in the economy, depreciation of local currencies against the currencies of the indexed portfolios, or in the health of a particular industry segment could result in evidence that the expected future cash flows are different from those provided for at the end of the reporting period. Management has implemented processes to monitor and manage its exposure to credit risk. Microfinancing loans receivable, net, account for 11% and 17% of the Organization's total assets as of December 31, 2020 and 2019, respectively.

## RELIEF INTERNATIONAL, INC.

### Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

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#### Note 1 - Continued

For the years ended December 31, 2020 and 2019, 90% and 91%, respectively, of the Organization's total revenues and support consist of awards from agencies of the U.S. Government and pass-through entities. As of December 31, 2020 and 2019, 100% of grants receivable are from the U.S. Government and pass-through entities. Management has no reason to believe that relationships with these entities will be discontinued in the foreseeable future. However, any interruption of these relationships, i.e., the failure to renew agreements or withholding of funds, would adversely affect the Organization's ability to finance ongoing operations.

**Use of Estimates** - The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Recent Accounting Pronouncements** - The Organization has adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The Organization adopted the changes from the ASU for contributions received in 2019. In 2020, the Organization elected to adopt the changes from the ASU for contributions made to other organizations prospectively. The amount of expenses recognized for grants and contributions made did not change as a result of implementing these changes for either 2020 or 2019.

#### Note 2 - Microfinance Loans Receivable

Loans issued under the Organization's microfinance programs have been evaluated as a pool of homogeneous loans and are the only segment and class of lending by the Organization. Loans are considered impaired at 180 days and are generally completely reserved. Past-due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual status or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans generally consist of smaller balance homogeneous loans that are collectively evaluated for impairment.

The allowance for loan losses has been established for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance using past loan loss experience, the nature and volume of the portfolio, economic conditions, and other factors. The allowance does not contain specifically identified reserves, as the microfinance loans are evaluated for exposure as a pool of loans.

Factors considered by management in determining impairment include payment status and the probability of collecting scheduled payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays based on the aging of the microfinance loans in the pool. Loans are not restructured, and no troubled debt restructurings are included in the portfolio.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment, and accordingly, they are not included in the separately identified impairment disclosures. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Organization. This actual loss experience is supplemented with other economic factors based on the risks present for the geographic region.

**RELIEF INTERNATIONAL, INC.**

**Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019**

**Note 1 - Continued**

These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; migration of loans in the past due categories; trends in volume and terms of loans; economic trends and conditions; industry conditions; and effects of changes in credit concentration.

**Note 2 - Continued**

The Organization's entire microfinance loan portfolio consisted of loans made in Iraq as of December 31, 2020 and 2019. All loans were provided to individuals in accordance with the terms of the Organization's local programmatic activities. The majority of loans are due within one year and bear interest of 5.0% to 35.0%. As of December 31, 2020, and 2019, gross microfinance loans receivable balances on the statements of financial position totaled \$2,497,660 and \$2,704,654, respectively, and the allowance for loan losses totaled \$217,830 and \$123,316, respectively.

Activity in the allowance for microfinance loans losses was as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 123,316	\$ 113,947
Provision for loan losses	94,514	9,369
<b>Balance, End of Year</b>	<b><u>\$ 217,830</u></b>	<b><u>\$ 123,316</u></b>

As of December 31, 2020, the Organization had \$82,357 in loans that were considered impaired with an allowance of \$217,830 allocated to all loans over 180 days. As of December 31, 2019, the Organization had \$72,212 in loans that were considered impaired with an allowance of \$123,316 allocated to all loans over 180 days.

The aging of the recorded investment in past-due microfinance loans, was as follows as of December 31:

<u>31 - 60 Days Past Due</u>	<u>61 - 90 Days Past Due</u>	<u>Greater Than 90 Days Past Due</u>	<u>Total Past Due</u>	<u>Loans Not Past Due</u>	<u>2020 Total</u>
\$ 35,040	\$ 22,532	\$ 126,027	\$ 183,599	\$ 2,314,061	\$ 2,497,660
<u>31 - 60 Days Past Due</u>	<u>61 - 90 Days Past Due</u>	<u>Greater Than 90 Days Past Due</u>	<u>Total Past Due</u>	<u>Loans Not Past Due</u>	<u>2019 Total</u>
\$ 22,366	\$ 4,980	\$ 87,453	\$ 114,799	\$ 2,589,855	\$ 2,704,654

**RELIEF INTERNATIONAL, INC.**

**Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019**

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**Note 3 - Affiliates**

The Organization works with several independent affiliates as part of the global family of Relief International agencies through which international programmatic activities are coordinated.

Relief International UK (RI-U.K.) is a charitable company limited by guarantee incorporated under the laws of England and Wales and is registered as a charitable organization with the Charity Commission.

MRCA/Relief International France (MRCA/RI-France) is a nonprofit association established under the laws of France.

Relief International Europe (RI-Europe) is a nonprofit association incorporated in accordance with Belgian law and governed by the provisions of the Law and Nonprofit Associations.

As registered charities in the U.S., U.K., France, and Belgium, respectively, each organization remains a separate legal entity and complies with applicable charities laws and regulations in its respective jurisdiction of incorporation. The entities have common boards and members and collaborate closely by sharing the use of staff and systems. However, none of the entities has a residual interest in the net assets of the other, nor are any of the entities responsible for the obligations or debts of the others.

The aggregate amounts due to (from) the Organization on behalf of the other entities is as follows as of December 31:

	<u>2020</u>	<u>2019</u>
RI-U.K.	\$ (5,647,589)	\$ (2,176,697)
MRCA/RI-France		<u>223,829</u>
<b>Funds Held for Affiliates, Net</b>	<b><u>\$ (5,647,589)</u></b>	<b><u>\$ (1,952,868)</u></b>

The amounts due to (from) the Organization consist primarily of cash held by the Organization, net of expenses incurred by the affiliated entities, to be paid to or by the Organization. These amounts are included in cash and cash equivalents and funds held for affiliates, net on the statements of financial position. Support costs are paid by the Organization, and a portion of those costs are allocated to the affiliates based on management's detailed analysis of level of effort spent, headcount, or revenues, depending on the basis most applicable to specific costs.

Costs allocated to the affiliates for support staff and systems were as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
RI-U.K.	\$ 2,756,935	\$ 3,376,411
MRCA/RI-France	<u>1,513,427</u>	<u>930,996</u>
<b>Total Costs Allocated</b>	<b><u>\$ 4,270,362</u></b>	<b><u>\$ 4,307,407</u></b>

The Organization made a contribution to RI-U.K. totaling \$200,000 and to MRCA/RI-France totaling \$300,000 to support their programmatic work in 2019. There were no contributions made to or received from RI affiliates in 2020.



RELIEF INTERNATIONAL, INC.

Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019

**Note 4 - Voluntary Emissions Reductions**

The Organization is the beneficiary under a program, "Gyapa Improved Stoves in Ghana," related to the sale of VERs earned from its production of fuel-efficient stoves in Ghana. The Organization contracts with Carbon Check (India) Private Ltd. (the Company) to verify the greenhouse gas emission reductions reported for the program activity and to certify VERs earned in accordance with Gold Standard Verification, and with Gold Standard for Global Goals to monitor the activity. The most recent monitoring report from Gold Standard for Global Goals was dated August 4, 2021, covered the period of February 1, 2019 through August 31, 2020, and certified 1,123,589 VERs with vintages for the same period. The previous verification report from the Company, dated December 5, 2019, covered the verification period of August 1, 2017 through January 31, 2019, and certified 1,021,735 VERs with vintages for the same period.

The Organization records a VER asset (contract asset) and offsetting VER obligation (contract liability) on the statements of financial position in the period in which a contract or forward contract is signed and the Organization has an obligation to perform by delivering VERs to a customer. The VER asset and VER obligation are recorded at the stated contract price less an allowance to reflect a present value discount and market fluctuations and consisted of 225,000 and 66,191 VERs as of December 31, 2020 and 2019, respectively. The Organization recognizes revenue on the statements of activities in the period in which the VERs are delivered and the point in time the Organization's performance obligation has been completed.

VERs activity, by unit, was as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
VERs certified, beginning of year	971,030	516,400
VERs certified	1,123,589	1,021,735
VERs sold and delivered	<u>(575,147)</u>	<u>(567,105)</u>
<b>VERs Certified, End of Year</b>	<b><u>1,519,472</u></b>	<b><u>971,030</u></b>

**Note 5 - Property and Equipment**

Property and equipment consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 151,840	\$ 85,141
Computer equipment	25,540	25,540
Software	424,006	424,006
Vehicles	<u>195,271</u>	<u>195,271</u>
	796,657	729,958
Less accumulated depreciation	<u>(686,463)</u>	<u>(674,615)</u>
<b>Property and Equipment, Net</b>	<b><u>\$ 110,194</u></b>	<b><u>\$ 55,343</u></b>

Depreciation expense totaled \$11,848 and \$27,786 for the years ended December 31, 2020 and 2019, respectively.

RELIEF INTERNATIONAL, INC.

Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019

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

Net assets with donor restrictions are available for the relief support as of December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purposes	\$ 452,803	\$ 211,438
Subject to the passage of time	<u>7,601</u>	<u>7,601</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 460,404</u></b>	<b><u>\$ 219,039</u></b>

**Note 7 - 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. On April 21, 2020, the Organization obtained a loan under the PPP with a principal balance of \$764,515 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning September 4, 2021, through maturity on April 21, 2022.

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. The terms and conditions include, but are not limited to, spending the PPP loan funds on qualifying expenses. The Organization follows the accounting guidance for government grants in U.S. GAAP for accounting for the recognition of revenue from forgiveness of the PPP loan. In applying that guidance, the Organization recognizes revenue when the barriers to entitlement to loan forgiveness are met. Management of the Organization has determined that the barriers to entitlement consist of the incurrence of qualifying expenses. Management has determined that \$623,753 of qualifying expenses were incurred during the year ended December 31, 2020; therefore, revenue in the amount of \$623,753 has been recognized in the 2020 statement of activities. A corresponding reduction to the loan liability has been recorded for the amount of revenue recognized.

PPP loan activity is as follows as of and for the year ended December 31, 2020:

Principal borrowed on PPP loan	\$ 764,515
Revenue recognized for loan forgiveness	<u>(623,753)</u>
<b>Outstanding PPP Loan Balance, December 31, 2020</b>	<b><u>\$ 140,762</u></b>

To complete the loan forgiveness process management must submit a loan forgiveness application to the lender and then the lender and the Small Business Administration (SBA) must review and approve the application. Subsequent to year end, the Organization submitted its loan forgiveness application to the lender, and on August 10, 2021, \$647,954 of the PPP loan was forgiven. Additional revenue for loan forgiveness of \$24,201 will be recognized in 2021. The remaining balance of \$116,561 was repaid by the Organization to the lender in August 2021.

RELIEF INTERNATIONAL, INC.

Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019

**Note 8 - Liquidity and Availability of Financial Assets**

In general, the vast majority of the Organization's funding is fully available for use when received or within one year of receipt primarily because of the duration of its grants and the nature of its private donations. Accordingly, the Organization holds its funds in interest bearing cash and cash equivalent accounts to ensure maximum liquidity.

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 8,917,796	\$ 5,844,847
Grants receivable	5,325,336	3,580,807
Advances to country offices and partners	2,306,703	1,489,378
Microfinance loans receivable, net	<u>2,279,830</u>	<u>2,581,338</u>
Total financial assets	18,829,665	13,496,370
Less funds held for affiliates	(5,647,589)	(1,952,868)
Less microfinance loans receivable, net	<u>(2,279,830)</u>	<u>(2,581,338)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 10,902,246</u></b>	<b><u>\$ 8,962,164</u></b>

The majority of the Organization's funding is from the U.S. Government with additional amounts raised from private and philanthropic donors and its micro-finance and carbon credits programs. The U.S. Government funding, which represents over 90% of revenues, is available for drawdown in advance of spending; thus, working capital requirements are minimal.

Because the Organization has agreements with and provides technical and other support for its affiliates, RI-U.K. and RI-MRCA/France (Note 3), a portion of the Organization's expenses are allocated to and reimbursed by RI-U.K. and RI/MRCA-France based on actual expenses incurred and an allocation of staff time. The amount of the receivable and payable between the entities fluctuates over time.

The Organization experienced a negative change in net assets for both of the years ended December 31, 2020 and 2019. There are two main components of the Organization's plan to rebuild its net assets without donor restrictions in 2021 and beyond. They concern growing the private and philanthropic donor base and maintaining and growing the Carbon Credit business in Ghana.

During 2021, the Organization has experienced a significant decrease in philanthropic donations to support its work in fragile contexts. The amount raised and received is just over \$437,000 as of September 2021 versus \$2,453,866 received in 2020. However, the Organization fully expects to continue to build on the fundraising momentum gained in 2020 in 2022. Based on relationships being built by the fundraising team and the publicity generated by the Organization's successful work in fragile environments, management is confident in the ability to continue to raise levels of philanthropic revenue in excess of \$1.5 million per year in future years. This revenue is a combination of gifts that are both with donor restrictions and without donor restrictions, and their net effect will help the Organization rebuild its net assets without donor restrictions. (unaudited)

RELIEF INTERNATIONAL, INC.

Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019

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**Note 8 - Continued**

The Ghana Gyapa Carbon Credits business (Note 4) has recovered from COVID-19 restrictions that hampered operations in 2020. In 2021, it is again expected remain profitable and deliver a surplus in excess of \$500,000. Talks are currently underway with further potential stakeholders which are expected to generate a gradual expansion of this business with potential to expand into other territories. The funds generated deliver small but significant additional net assets without donor restrictions.

**Note 9 - Commitments and Contingencies**

**Leases** - The Organization leases office space in Los Angeles, California and Washington, DC, under operating rental agreements which expire on March 31, 2021 and July 31, 2026, respectively. Both agreements provide for escalating rent payments over the terms of the leases. Rent expense is recognized on a straight-line basis over the terms of the agreements, and deferred rent liabilities totaling approximately \$341,600 and \$376,600 are included in accounts payable and accrued expenses on the statements of financial position as of December 31, 2020 and 2019, respectively. The Los Angeles, California lease was not renewed in 2021. The Organization also leases offices and guest houses in several foreign countries under short-term lease agreements. Rent expense, including foreign country offices, utilities and related costs, totaled approximately \$1,113,000 and \$1,402,000, for the years ended December 31, 2020 and 2019, respectively.

Future minimum rental agreement payments required under the long-term agreements are as follows:

For the Year Ending December 31,

2021	\$	368,949
2022		377,464
2023		358,287
2024		367,273
2025		376,448
Thereafter		<u>320,627</u>

**Total Future Rent Payments**

**\$ 2,169,048**

**Legal Proceedings** - In the normal course of business, the Organization has various claims in process, matters in litigation, and other contingencies. In management's opinion, the outcome from these matters will not materially impact the Organization's financial position or results of activities.

**Potential Disallowed Costs** - Expenses incurred under certain programs are subject to audit by the awarding agencies, including programs funded by the U.S. Government. If, as a result of such an audit, certain expenses incurred are determined to be nonreimbursable, the Organization may be liable for repayment of disallowed expenses previously claimed or received. During the year ending December 31, 2019, the Organization negotiated its finalized indirect cost recovery rates with the U.S. Government for 2014 through 2018. During that process, certain costs totaling approximately \$913,000 were determined by the U.S. Government to be nonreimbursable. The Organization's provisional indirect cost recovery rate for 2019 was also approved by the U.S. Government at a rate higher than that used for cost recovery during 2019. Management estimated the Organization will recover approximately \$545,000 through indirect cost recovery for 2019 expenses in 2020. Therefore, a liability for unrecoverable costs totaling \$411,000 was reflected in the statement of financial position as of December 31, 2019.

## RELIEF INTERNATIONAL, INC.

### Notes to Financial Statements For the Years Ended December 31, 2020 and 2019

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#### Note 9 - Continued

During the year ended December 31, 2020, the Organization recognized additional provisions for NICRA rate fluctuations and a provision related to the difference between the provisional NICRA and the calculated rate based on actual expenditures for 2020. The NICRA provision totaled \$1,356,016 as of December 31, 2020, and is included in accounts payable and accrued expenses on the statements of financial position.

**Conditional Grants Awarded to Other Organizations** - The Organization makes pass-through grants to other organizations as part of operating its programs. The pass-through grants are conditional upon the grantee satisfying certain terms and incurring qualifying expenditures. Grant expense is recognized in the period the grantee has satisfied the conditions contained in the grant agreements. Pass-through grants awarded and outstanding totaled \$12,147,000 and \$469,000 as of December 31, 2020 and 2019, respectively. The conditional grants are generally expected to be recognized within one year.

**Overseas Operations** - The Organization administers its various programs in numerous developing countries through its field offices in each of those countries. The Organization also maintains cash accounts as well as loan portfolios in several of those countries. The future results of those programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate.

As of December 31, 2020 and 2019, the Organization had assets in Afghanistan, Bangladesh, Ghana, Iran, Iraq, Jordan, Kenya, Lebanon, Myanmar, Nigeria, Pakistan, occupied Palestinian territories, Philippines, Turkey, Senegal, Somalia, Sudan, Uganda and Yemen. These assets totaled approximately \$6,214,570 and \$7,997,000, which represents 31% and 54% of the Organization's total assets as of December 31, 2020 and 2019, respectively.

**Disruption From 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 social distancing, and voluntary closings of multiple businesses. As a result, the Organization's employees had been instructed to work remotely from home or within the guidelines and requirements imposed by their respective locations' governments. Management continues to monitor events and conditions as they unfold and has established strategies to respond accordingly. However, the financial impact to the Organization cannot be reasonably estimated at this time.

#### Note 10 - Retirement Plans

The Organization maintains a retirement plan under Section 403(b)(7) of the IRC, and employees are eligible to participate in the plan after one year of service. Employee contributions are limited to current Internal Revenue Services (IRS) limitations. The Organization contributes to the plan on the employee's behalf, initially at 4% with increases based on years of service. The Organization's contributions are vested at 20% after two years of service, rising to 100% after five years of service. During the years ended December 31, 2020 and 2019, the retirement plan expense totaled \$1,176,022 and \$1,011,514, respectively.

The Organization had established a nonqualified deferred compensation plan (the Plan) under Section 457(f) of the IRC for the executive director, effective as of March 17, 2014, for the purpose of providing certain supplemental retirement and retention benefits, in addition to any other retirement and retention benefits available under any other plan sponsored and maintained by the Organization. Until the withdrawal date, the contributions to the Plan were legal assets of the Organization and subject to its creditors. A withdrawal from the Plan was made in 2019 and the Plan currently has no outstanding balance.

**RELIEF INTERNATIONAL, INC.**

**Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019**

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**Note 11 - Subsequent Events**

The Organization has evaluated subsequent events through November 17, 2021, the date on which the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any events occurred, the nature of which would require disclosure except as follows.

In late 2020, the Organization identified and self-reported to the U.S. Federal government a prohibited parties incident that occurred within one of its Alliance partners. In February 2021 the U.S. Federal government placed the Organization on suspension for new awards pending further investigation. The U.S. Federal government removed the suspension in May 2021, and the Organization is operating under an Administrative Agreement which entails working closely with an external monitor to further strengthen processes and internal controls. Subsequent to the lifting of suspension, new awards have been granted by U.S. Federal government aid agencies at similar volumes to prior years.