

Financial Statements, Report of
Independent Certified Public
Accountants and Reports in
Accordance with the Uniform Guidance

The HALO Trust (USA), Inc.

March 31, 2022 (with summarized comparative
information for March 31, 2021)

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Board of Trustees
The HALO Trust (USA), Inc.

Opinion

We have audited the financial statements of The HALO Trust (USA), Inc. (HALO), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HALO as of March 31, 2022, and the changes 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.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our response is based on the audit of the financial statements.



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 US 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 US 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

The HALO Trust (USA), Inc.

STATEMENTS OF FINANCIAL POSITION

March 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 8,682,812	\$ 6,983,514
Contribution receivables	1,023,485	681,294
Deposits and prepaid expenses	28,190	112,706
Property and equipment	<u>1,991</u>	<u>4,377</u>
Total assets	<u><u>\$ 9,736,478</u></u>	<u><u>\$ 7,781,891</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 107,867	\$ 155,758
Due to The HALO Trust (UK)	<u>964</u>	<u>1,959</u>
Total liabilities	108,831	157,717
Net assets		
Net assets without donor restrictions	8,417,288	7,449,241
Net assets with donor restrictions	<u>1,210,359</u>	<u>174,933</u>
Total net assets	<u>9,627,647</u>	<u>7,624,174</u>
Total liabilities and net assets	<u><u>\$ 9,736,478</u></u>	<u><u>\$ 7,781,891</u></u>

The accompanying notes are an integral part of these financial statements.

The HALO Trust (USA), Inc.

STATEMENT OF ACTIVITIES

Year ended March 31, 2022

(with summarized comparative information for March 31, 2021) ~~Page 14 of 19~~ ~~Form 990~~ ~~19~~ ~~2021~~ ~~2020~~

			2021	
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
Revenues and support				
Government grants:				
Other (COVID support Grant)	\$ -	\$ -	\$ -	\$ 117,667
Subgranted to The HALO Trust (UK)	-	41,214,915	41,214,915	27,231,694
Total government grants	-	41,214,915	41,214,915	27,349,361
Contributions	1,723,794	3,486,698	5,210,492	596,719
Federated campaigns	12,325	-	12,325	10,573
Grants and other	1,229,731	102,240	1,331,971	1,806,745
Investment income	4,085	-	4,085	24,029
	2,969,935	44,803,853	47,773,788	29,787,427
Net assets released from restriction for satisfaction of program activities	43,768,427	(43,768,427)	-	-
Total revenues and support	46,738,362	1,035,426	47,773,788	29,787,427
Expenses				
Program activities - overseas relief:				
Directly implemented	-	-	-	18,063
Subgranted to The HALO Trust (UK)	44,165,996	-	44,165,996	29,970,429
Total program activities - overseas relief	44,165,996	-	44,165,996	29,988,492
Management and general	1,156,547	-	1,156,547	1,115,680
Fundraising	446,960	-	446,960	314,679
Total expenses	45,769,503	-	45,769,503	31,418,851
Change in net assets, before foreign currency translation adjustment	968,859	1,035,426	2,004,285	(1,631,424)
Foreign currency translation adjustment	(812)	-	(812)	1,604
CHANGE IN NET ASSETS	968,047	1,035,426	2,003,473	(1,629,820)
Net assets at beginning of year	7,449,241	174,933	7,624,174	9,253,994
Net assets at end of year	\$ 8,417,288	\$ 1,210,359	\$ 9,627,647	\$ 7,624,174

2021

	Program Activities - Overseas Relief	Management and General	Fundraising	Totals	Totals
Salaries and benefits	\$ -	\$ 677,188	\$ 391,967	\$ 1,069,155	\$ 935,329
Office costs	-	40,096	26,993	67,089	77,478
Accommodation	-	86,099	-	86,099	69,593
Insurance	-	13,649	-	13,649	12,972
Professional fees	-	297,302	11,187	308,489	334,535
Travel	-	39,827	16,813	56,640	13,021
Depreciation	-	2,386	-	2,386	5,494
Subgrants to: The HALO Trust (UK)	44,165,996	-	-	44,165,996	29,970,429
Total expenses	\$ 44,165,996	\$ 1,156,547	446,960		

The HALO Trust (USA), Inc.
STATEMENTS OF CASH FLOWS
Years ended March 31, 2022

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 2,003,473	\$ (1,629,820)
Adjustments necessary to reconcile net income to net cash provided by (used in) operating activities:		
Foreign currency translation adjustment	812	(1,604)
Depreciation	2,386	5,494
Changes in operating assets and liabilities:		
Contribution receivables	(342,191)	466,121
Deposits and prepaid expenses	84,516	(88,083)
Accounts payable	(47,891)	(20,690)
Due to The HALO Trust (UK)	(995)	(26,167)
	1,700,110	(1,294,749)
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Sales of certificates of deposit	-	2,534,899
Purchase of property and equipment	-	(4,666)
	-	2,530,233
Net cash provided by investing activities		
Effect of foreign exchange rate changes on cash and cash equivalents	(812)	1,604
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,699,298	1,237,088
Cash and cash equivalents at beginning of year	6,983,514	5,746,426
Cash and cash equivalents at end of year	\$ 8,682,812	\$ 6,983,514

The accompanying notes are an integral part of these financial statements.

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 1 - DESCRIPTION OF ORGANIZATION

The HALO Trust (USA), Inc. (HALO) is a not-for-profit corporation organized for the purpose of removal of the debris of war in various areas of the world. HALO is supported primarily from grants by the United States Department of State and other agencies. HALO also receives support from foundations, individuals and other organized charities.

HALO is allied with The HALO Trust (UK) (a UK r

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

Tax Status

HALO follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more likely than not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

HALO is exempt from federal income tax under Internal Revenue Code (the Code) Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. HALO has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. HALO has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Contributions Receivables

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

Allocation of Functional Expenses

The cost of programs and supporting activities is summarized by their functional classification in the statement of activities and by their natural classification in the statement of functional expenses. Accordingly, certain costs such as salaries and benefits and office costs have been allocated among program activities and supporting services, as shown in the statement of functional expenses. Employee compensation costs are allocated based on estimates of time and effort, rent is allocated based on square footage, and office supplies are allocated based on estimated usage of specific items.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Summarized Financial Information

The financial statements include certain prior year summarized information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with HALO's financial statements for the year ended March 31, 2021, from which the summarized information is derived.

Risk of Operating Outside the United States

HALO is subject to the risks of doing business outside the United States, including, among other risks, foreign currency exchange rate risk, tax laws and political or labor disturbances.

Accounting Standards to be Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes the guidance in former ASC Topic 840, *Leases*. The most significant change will result in the recognition of lease assets for the right to use the underlying asset, and lease liabilities for the obligation to make lease payments by lessees, for those leases classified as operating leases under current guidance. The new guidance will also require significant additional disclosures about the amount, timing and uncertainty of cash flows from leases. FASB issued ASU 2020-05 that deferred the effective date until annual periods beginning after December 15, 2021, with early adoption permitted. Upon adoption of ASU 2016-02, entities are required to

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

At March 31, net assets released from donor restrictions for the satisfaction of program activities were as follows:

	<u>2022</u>	<u>2021</u>
Direct program activities	\$ 43,683,109	\$ 29,470,718
Released from contributions with donor restrictions to support fundraising expenses	<u>85,318</u>	<u>35,413</u>
Net assets released from restriction for satisfaction of program activities	<u>\$ 43,768,427</u>	<u>\$ 29,506,131</u>

Net assets with donor restrictions are available for programs in the following locations at March 31:

	<u>2022</u>	<u>2021</u>
Global	\$ 1,019,252	\$ 65,320
West Bank	-	80
Cambodia	-	65
Laos	-	10,636
Kosovo	-	1,382
Angola	-	3,973
Sri Lanka	-	274
Somaliland	-	2,302
Afghanistan	-	2,103
Zimbabwe	-	529
Georgia	-	273
Nagorno Karabakh	700	86,383
Ukraine	190,407	-
Various	-	1,613
	<u>\$ 1,210,359</u>	<u>\$ 174,933</u>

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

NOTE 5 - LIQUIDITY AND AVAILABILITY

As of March 31, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses were as follows:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 8,682,812	\$ 6,983,514
Contributions receivable within a year	<u>1,023,485</u>	<u>681,294</u>
Total financial assets available within one year	9,706,297	7,664,808
Less:		
Net assets with donor restrictions	<u>(1,210,359)</u>	<u>(174,933)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,495,938</u>	<u>\$ 7,489,875</u>

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Lease Commitments

HALO occupies office facilities in Washington, D.C., under a lease agreement which expires in March 2023. HALO is also responsible for its pro rata share of operating expenses and incremental adjustments including real estate taxes. Total rent expense for the years ended March 31, 2022 and 2021 was \$86,099 and \$99,991, respectively.

HALO also leases a photocopier for the office facilities. The total photocopier lease expense for the years ended March 31, 2022 and 2021 was \$1,100.

The following is a schedule by year of future minimum lease payments under the lease agreements as of March 31, 2022:

<u>Year Ending March 31</u>	
2023	\$ 95,418
2024	2,400
2025	2,400
2026	2,400
2027	<u>2,400</u>
Total minimum lease payments	<u>\$ 105,018</u>

Grant Commitments

As of March 31, 2022, HALO has \$55,775,941 in grant commitments for future program expenditures from U.S. government and other related grants.

The HALO Trust (USA), Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
March 31, 2022 and 2021

Contingencies