The Global Hunger Project and Affiliates

Consolidated Financial Report
December 31, 2016

Contents

Independent Auditor's Report

To the Board of Directors
The Global Hunger Project

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Global Hunger Project and Affiliates (Bangladesh, India, Benin, Burkina Faso, Ethiopia, Ghana, Malawi, Senegal, Uganda, Mozambique and Mexico), which comprise the consolidated balance sheet as of December 31, 2016, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Global Hunger Project and Affiliates as of December 31, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited The Global Hunger Project and Affiliates' 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

RSM US LLP

McLean, Virginia
November 6, 2017

The Global Hunger Project and Affiliates

Consolidated Balance Sheet
December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
Assets		
Cash and cash equivalents (Note 3)	**$ 7,639,147**	$ 7,039,523
Receivables, net (Notes 2 and 11)	**5,033,727**	4,170,327
Micro-credit loans, net (Note 3)	**1,447,832**	1,280,074
Investments (Notes 4 and 10)	**1,553,764**	1,639,393
Property and equipment, net (Note 5)	**721,087**	999,873
Other assets	**655,098**	630,047
	$ 17,050,655	$ 15,759,237
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 1,990,834**	$ 1,935,658
Deferred rent (Note 7)	**188,132**	325,322
Total liabilities	**2,178,966**	2,260,980
Commitments and contingency (Notes 7, 8 and 9)		
Net assets:		
Unrestricted	**10,545,428**	8,965,138
Temporarily restricted (Note 6)	**4,326,261**	4,533,119
	14,871,689	13,498,257
	$ 17,050,655	$ 15,759,237

See notes to consolidated financial statements.

The Global Hunger Project and Affiliates

Consolidated Statement of Activities
Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016			
	Unrestricted	**Temporarily Restricted**	**Total**	2015 Total
Support and revenue:				
Contributions (Notes 6 and 11)	**$ 14,877,766**	**$ 3,648,746**	**$ 18,526,512**	$ 16,656,917
Micro-credit finance revenue (Note 3)	**460,288**	**-**	**460,288**	204,125
Investment income (Note 4)	**161,197**	**-**	**161,197**	361,255
Other	**122,392**	**-**	**122,392**	236,111
Released from restrictions (Note 6)	**3,855,604**	**(3,855,604)**	**-**	-
Total support and revenue	**19,477,247**	**(206,858)**	**19,270,389**	17,458,408
Expenses:				
Program services:				
Education and advocacy	**976,841**	**-**	**976,841**	1,271,805
Africa	**9,264,511**	**-**	**9,264,511**	9,577,220
Asia	**3,167,986**	**-**	**3,167,986**	3,587,400
Latin America	**857,188**	**-**	**857,188**	841,284
Total program services	**14,266,526**	**-**	**14,266,526**	15,277,709
Supporting services:				
Management and general	**1,993,459**	**-**	**1,993,459**	1,845,307
Fundraising	**1,236,629**	**-**	**1,236,629**	1,782,534
Total supporting services	**3,230,088**	**-**	**3,230,088**	3,627,841
Total expenses	**17,496,614**	**-**	**17,496,614**	18,905,550
Change in net assets from operations	**1,980,633**	**(206,858)**	**1,773,775**	(1,447,142)
Foreign currency translation loss	**(400,343)**	**-**	**(400,343)**	(549,462)
Change in net assets	**1,580,290**	**(206,858)**	**1,373,432**	(1,996,604)
Net assets:				
Beginning	**8,965,138**	**4,533,119**	**13,498,257**	15,494,861
Ending	**$ 10,545,428**	**$ 4,326,261**	**$ 14,871,689**	$ 13,498,257

See notes to consolidated financial statements.

The Global Hunger Project and Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016									
	Program Services					Supporting Services				
	Education and Advocacy	Africa	Asia	Latin America	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	2015 Total
Direct investment	$ -	$5,250,228	$1,482,601	$ 104,407	$ 6,837,236	$ -	$ -	$ -	$ 6,837,236	$ 6,821,070
Salaries and benefits	658,829	2,217,967	813,013	367,370	4,057,179	1,302,687	673,113	1,975,800	6,032,979	6,945,285
Rent and occupancy	72,032	246,248	122,131	38,145	478,556	97,615	66,789	164,404	642,960	766,780
Professional services	33,669	514,260	192,343	135,888	876,160	382,261	55,604	437,865	1,314,025	1,400,137
Production, design, printing and conferences	25,137	128,778	245,012	24,730	423,657	4,811	241,023	245,834	669,491	792,807
Travel and related costs	42,503	179,517	186,613	46,388	455,021	61,270	63,935	125,205	580,226	771,883
Depreciation and amortization	21,681	172,263	30,154	8,055	232,153	34,329	23,488	57,817	289,970	298,348
Office	45,090	238,497	64,397	12,113	360,097	24,384	17,001	41,385	401,482	465,684
Telephone	1,953	83,298	5,467	2,278	92,996	14,718	9,556	24,274	117,270	129,764
Corporate	14,208	55,323	15,465	14,518	99,514	45,523	57,725	103,248	202,762	145,824
Grants	-	-	-	100,385	100,385	-	-	-	100,385	97,200
Data processing	60,710	20,275	5,055	1,332	87,372	20,144	22,688	42,832	130,204	122,579
Shipping	1,029	4,594	3,701	1,579	10,903	5,717	5,707	11,424	22,327	30,526
Provision for doubtful loans – micro-credit	-	153,263	2,034	-	155,297	-	-	-	155,297	117,663
Total expenses	$ 976,841	$9,264,511	$3,167,986	$ 857,188	$14,266,526	$1,993,459	$1,236,629	$3,230,088	$17,496,614	$18,905,550

See notes to consolidated financial statements.

The Global Hunger Project and Affiliates

Consolidated Statement of Cash Flows
Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
Cash flows from operating activities:		
Change in net assets	**$ 1,373,432**	$ (1,996,604)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Deferred rent	**(137,190)**	(121,541)
Depreciation and amortization	**289,970**	298,348
Increase in provision for doubtful accounts and discount to present value	**-**	63,737
Doubtful loans expense – micro-credit	**91,774**	128,759
Increase (decrease) in provision for doubtful loans – micro-credit	**63,523**	(11,096)
Increase in cash surrender value of life insurance	**(15,841)**	(98,983)
Changes in assets and liabilities:		
(Increase) decrease in:		
Increase in receivables	**(863,400)**	(273,744)
Increase in other assets	**(25,051)**	(125,277)
Increase in accounts payable and accrued expenses	**55,176**	81,663
Net cash provided by (used in) operating activities	**832,393**	(2,054,738)
Cash flows from investing activities:		
Purchase of investments	**-**	(95,957)
Proceeds from sale and maturity of investments	**101,470**	948,202
Disbursements on micro-credit loans, net	**(323,055)**	(125,594)
Purchase of property and equipment	**(14,006)**	(101,821)
Proceeds from sale of property and equipment	**2,822**	9,164
Net cash (used in) provided by investing activities	**(232,769)**	633,994
Net increase (decrease) in cash and cash equivalents	**599,624**	(1,420,744)
Cash and cash equivalents:		
Beginning	**7,039,523**	8,460,267
Ending	**$ 7,639,147**	$ 7,039,523

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Global Hunger Project is a not-for-profit, nonmember, public benefit corporation organized and existing under the laws of California. It delivers and supports programs through certain affiliated entities in Africa, South Asia and Latin America (Program Country entities). The Global Hunger Project also co-operates with certain partner entities in developed countries that use the name "The Hunger Project" (Partner Country entities) to jointly fund programs operated by, and other activities of, The Global Hunger Project and its Program Country entities. The Global Hunger Project and affiliated Program Country entities operate globally and are hereafter referred to as "The Hunger Project" (THP).

THP is a strategic organization and global movement whose mission is to end hunger and poverty by pioneering sustainable, grassroots, women-centered strategies and advocating for their widespread adoption in countries throughout the world. In Africa, South Asia and Latin America, THP's programs empower people to create lasting society-wide progress in health, education, nutrition, family income, gender equality and environmental sustainability. THP fully supports the United Nations Sustainable Development Goals (SDGs). The essential elements of THP's gender-focused, community-led development approach include mobilizing village clusters for self-reliant action, empowering women as key change agents and forging effective partnerships with local government.

Partner Country entities: Partner Country entities are organized and registered according to the laws of the countries in which they were formed. The financial position and activities of affiliated Partner Country entities, which are based in developed countries outside of the United States (e.g., THP-Australia, THP-Germany, THP-Netherlands, etc.), are not included in these consolidated financial statements. Funds received from and/or pledged by Partner Country entities during the reporting period are reported as revenue of the consolidated entity (see "Consolidation policy" in this Note 1). These affiliated entities are not controlled by The Global Hunger Project: they have separate boards, and no funding is provided to them. However, there are charter agreements in place for the use of THP's name. These agreements can be terminated at any time. Among other activities, the Partner Country entities raise funds that, less their own expenses, are applied to THP programs.

Program Country entities: The financial positions of Program Country entities that implement programs in the developing world (e.g., THP-Senegal, THP-Bangladesh) are consolidated into these financial statements. Each entity is registered according to the laws of its own country and is led by a Country Director who reports directly to a Vice President or the Chief Executive Officer of The Global Hunger Project. All Program Country Directors are citizens and residents of their respective countries. They have individual contractual agreements with and are compensated directly from The Global Hunger Project. The Program Country Directors' contracts can be cancelled for cause or otherwise at any time with proper notice. The affiliated Program Country entities are effectively controlled by The Global Hunger Project Inc. as they receive substantially all of their funding based on an annual operational program budget approved by The Global Hunger Project.

A summary of THP's significant programs is as follows:

Education and Advocacy: Influencing policymakers to adopt key elements of THP's methodology and educating a worldwide constituency on gender-focused, community-led development are high priorities of THP. During the year ended December 31, 2016, THP played a leadership role within civil society networks for food and nutrition security, water and sanitation, maternal and child health, halting child marriage and gender-based violence; and local governance with a strong emphasis on gender equality and the empowerment of women in all these sectors. During the year ended December 31, 2016, THP expanded the Movement for Community-led Development, which unites a broad range of international development organizations that fundamentally believe integrated and community-led solutions at the local level are critical to the effectiveness and sustainability of THP's work to end hunger and extreme poverty.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Africa: In Africa, THP implements an integrated, people-centered approach called the Epicenter Strategy in Benin, Burkina Faso, Ethiopia, Ghana, Malawi, Mozambique, Senegal and Uganda, with offices in all eight of these countries.

The Epicenter Strategy mobilizes the population of clusters of villages to work together to create and run their own programs to meet basic needs. The centerpiece of the strategy is an L-shaped building that houses the community's programs for health, education, food security and economic development. Communities launch village-level projects to generate their own income and build classrooms, food storage facilities and nurses' quarters to ensure ready access to health care.

During the year ended December 31, 2016, the Epicenter Strategy reached 1.7 million people across Africa, the majority of whom live in 119 of THP's epicenters. The Microfinance Program, a component of the integrated Epicenter Strategy, had nearly 78,686 active participants as of December 31, 2016, with $1.33 million in current loans and $784,847 in savings.

Asia: In South Asia, THP operates programs in India and Bangladesh. In India, THP focuses on empowering the women leaders elected to village councils to be effective agents of change. The strategy builds their capacity through distinct forms of training, advocacy and federation-building each year of their five-year tenures. During the year ended December 31, 2016, over 2,000 elected women leaders participated in federation-building workshops. These workshops support the women as they take action to bring water, health, education and better incomes to their villages. In Bangladesh, the centerpiece of THP's strategy is the training and ongoing support of volunteer animators and youth leaders, who organize projects such as campaigns against early marriage, dowry and violence against women; education programs for safe drinking water, nutrition and sanitation; birth registration for rural communities; and income-generating activities.

Latin America: THP operates programs in Mexico and works in partnership with an established organization in Peru that shares THP's vision and philosophy. In Mexico, THP, in partnership with local government, trains catalysts (volunteer leaders) who launch village-level projects for the end of hunger in their communities. In Peru, THP works with a partner organization, Chirapaq, a coalition of indigenous organizations who are promoting access to opportunities, the exercise of women's and indigenous rights and collaboration with local and regional governments.

A summary of the significant accounting policies of THP follows:

Basis of accounting: THP maintains its accounting records and prepares its consolidated financial statements on the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Consolidation policy: These financial statements report the consolidated activities of The Global Hunger Project and its affiliated Program Country entities. Since both The Global Hunger Project and its Program Country entities may receive funding from Partner Country entities, funds received from and/or pledged by Partner Country entities during the reporting period are reported as revenue of the consolidated entity. All significant transactions and balances between The Global Hunger Project and its Program Country Affiliates have been eliminated in consolidation.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Basis of presentation: The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities topic of the FASB ASC, *Financial Statements of Not-for-Profit Organizations*, THP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are net assets that are neither permanently restricted, nor temporarily restricted by donor-imposed stipulations, and include amounts controlled by either THP or its Program Country Affiliates' Boards of Directors.

Temporarily restricted net assets result from contributions with usage limited by donor-imposed stipulations that either expire by the passage of time or which are fulfilled and removed by actions of THP pursuant to those stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets result from contributions with usage limited by donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or otherwise removed by THP's actions. THP had no permanently restricted net assets at December 31, 2016.

Cash and cash equivalents: For the purpose of reporting cash flows, THP considers cash equivalents to be any funds and accounts with an original maturity less than 90 days. Amounts held internationally by program countries total $5,514,976 at December 31, 2016, and are included in cash and cash equivalents on the accompanying consolidated balance sheet.

Financial risk: THP maintains its cash in bank deposit accounts which, at times, may exceed government-insured limits. THP has not experienced any losses in such accounts. THP believes it is not exposed to any significant financial risk on cash.

Promises to give: Promises to give are comprised of cash held and due from affiliated Partner Country entities at December 31, 2016, as well as U.S. promises to give. Unconditional promises to give are recognized as support in the period acknowledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management determines the allowance for doubtful promises to give by regularly evaluating individual promises to give and considering prior history of donors and proven collectability of past donations. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received.

Micro-credit loans: Micro-credit loans (loans) are made by several Program Country Affiliates and recorded as a receivable when funds are initially paid to the borrower and as a reduction of the receivable upon repayment by the borrower. The loans are classified based on age of loan, regardless of whether the loan belongs to a group or individual. The allowance for loan losses is monitored by management in order to maintain accurate loan portfolio balances. The loans are recorded at the principal amount, net of allowances for doubtful loans. Loan losses are recorded when management believes that the principal is unlikely to be collected. Interest income on the loans is recognized on the accrual basis as earned. The provision for doubtful loans at December 31, 2016, was $153,263.

Investments: Investments with readily determinable fair values are reflected at fair market value. To adjust the carrying value of these investments, the change in fair market value is charged or credited to current operations.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Certificates of deposit totaling $230,239 are not subject to the provisions of fair value measurements as they are recorded at cost. Cash surrender value of the life insurance policy in the amount of $1,323,525 is also excluded from the fair value measurements since it is carried at cash surrender value and not fair value.

Property and equipment: THP capitalizes all property and equipment with a cost of $5,000 or more. Property and equipment are recorded at cost and depreciated over their useful life using the straight-line method of depreciation. Leasehold improvements are recorded at cost and amortized over the lesser of the useful life or lease term on a straight-line basis.

Valuation of long-lived assets: THP reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. THP had no impairments of long-lived assets during the year ended December 31, 2016.

Other assets: Other assets held internationally in Program Country entities total $407,510 at December 31, 2016, and are included in other assets on the accompanying consolidated balance sheet.

Deferred rent: The Global Hunger Project has a lease agreement for rental space in New York City. Under the terms of the lease agreement, The Global Hunger Project occupied its office space for a period of free rent during the initial rental period. In addition, a landlord improvement allowance was provided for leasehold improvements. The benefits that The Global Hunger Project received from the free rent, allowance and rent increases in future years, are being allocated on a straight-line basis over the term of the lease. The difference between the expense and the cash payments is reported as deferred rent.

Support and revenue: Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Foreign currency translations: Financial statements of Program Country entities' activities are translated into U.S. Dollars using period-end exchange rates for assets and liabilities and average exchange rates for revenue and expenses during the reporting period. Net losses on foreign currency fluctuations were $400,343 for the year ended December 31, 2016.

Expenses: Direct costs associated with specific programs are recorded as direct program expenses. Personnel costs, depreciation, occupancy, office, data processing and certain corporate expenses are allocated to programs based on employee time distributions. Management and general expenses are unallocated on the statement of activities.

Direct investment expenses: Direct investment expenses are the costs associated with implementing programs at the country level in Africa, South Asia and Latin America. They include, for example, costs related to food security activities; construction of epicenter buildings and facilities; and workshops to train partners in areas such as leadership, income generation and nutrition, etc. The costs of constructing Epicenter buildings and facilities in the Program Country entities are expensed in the year they are incurred since they are considered a gift to the community and not a THP asset.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income taxes: THP is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, THP qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. THP did not have any net unrelated business income for the year ended December 31, 2016. Management has evaluated THP's tax positions and has concluded that THP has taken no uncertain tax positions that require disclosure. Generally, THP is no longer subject to income tax examinations by the U.S. federal, state or local authorities for years before 2013.

Use of estimates: The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prior year information: The consolidated financial statements include certain prior year summarized comparative information in total. Such summarized information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with THP's consolidated financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Certain reclassifications were made to the summarized comparative information to conform to the 2016 presentation. These reclassifications had no effect on previously reported net assets or change in net assets.

Recent accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted for fiscal years beginning after December 15, 2018. THP is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of nonprofit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a nonprofit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Subsequent events: Subsequent events have been evaluated through November 6, 2017, which is the date the consolidated financial statements were available to be issued.

Note 2. Receivables

Receivables at December 31, 2016, consist of the following:

United States	$ 3,181,338
Affiliated Partner Countries	2,005,223
Mexico	9,712
Mozambique	1,891
	5,198,164
Less provision for doubtful promises	112,234
Less discount to present value	52,203
	$ 5,033,727

Promises to give in one year or more are measured using the present value of future cash flows based on a discount rate of approximately 1.12%. Unconditional promises to give at December 31, 2016, consist of the following:

Promises to give in less than one year	$ 4,142,807
Promises to give in one to five years	898,215
Promises to give in greater than five years	157,142
	$ 5,198,164

Note 3. Micro-Credit Loans

Micro-credit loans at December 31, 2016, consist of loans in the following countries:

Benin	$	593,866
Ghana		353,335
Burkina Faso		310,343
Senegal		298,095
Mozambique		45,456
		1,601,095
Less provision for doubtful loans		153,263
	$	1,447,832

Annual interest rates range from 10% to 36%, and when interest is received, it is reinvested in the microfinance programs for the benefit of the community served. A savings deposit of 10% of the loan principal is required upon disbursement of the funds, and most loan terms are between six months to one year. Total savings at December 31, 2016, are $784,847 and are included in accounts payable and accrued expenses on the consolidated balance sheet. All loans outstanding at December 31, 2016, are due within the next 12 months. Approximately $288,000 of the total outstanding is past due at December 31, 2016.

Cash held internationally by the microfinance programs totals $1,426,222 at December 31, 2016, and is included in cash and cash equivalents on the accompanying consolidated balance sheet.

Loans are considered delinquent if they have not been repaid when due. A summary of activity in the allowance for loan losses for the year ended December 31, 2016, is as follows:

Balance at beginning of the year	$	89,740
Provision for loan losses		155,297
Loans written off		(91,774)
	$	153,263

Note 4. Investments

Investments at December 31, 2016, consist of the following:

Cash surrender value of life insurance policy (Note 10)	$	1,323,525
Certificate of deposit		230,239
	$	1,553,764

Investment income for the year ended December 31, 2016, consists of the following:

Interest income – India	$	144,855
Increase in cash surrender value of life insurance policy		15,841
Interest income – U.S.		501
	$	161,197

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2016, and depreciation and amortization expense for the year ended December 31, 2016, consist of the following:

Asset Category	Estimated Lives	Cost	Accumulated Depreciation	Net	Depreciation and Amortization Expense
New York:					
Leasehold improvements	Lease term	$ 792,927	$ 713,364	$ 79,563	$ 80,390
Furniture and equipment	5 to 10 years	116,260	92,089	24,171	13,565
		909,187	805,453	103,734	93,955
Program Countries:					
Furniture and equipment	3 to 10 years	2,206,750	1,589,397	617,353	196,015
		$ 3,115,937	$ 2,394,850	$ 721,087	$ 289,970

Note 6. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets during the year ended December 31, 2016, are as follows:

	Balance December 31, 2015	Additions	Released	Transfers	Balance December 31, 2016
Time restricted:					
Promises to give	$ 4,076,577	$ 1,757,754	$ (1,897,807)	$ (375,000)	$ 3,561,524
Program restricted:					
Bangladesh	281,863	1,004,843	(845,523)	-	441,183
Peru	-	-	-	100,000	100,000
Mozambique	-	-	(123,545)	200,000	76,455
Africa	-	-	-	55,000	55,000
India	80,929	886,149	(913,549)	-	53,529
Ghana	93,750	-	(75,180)	20,000	38,570
	$ 4,533,119	$ 3,648,746	$ (3,855,604)	$ -	$ 4,326,261

Note 7. Lease

THP has a lease for office space in New York City, which expires on March 31, 2018. The lease provides for a period of free rent, a landlord improvement allowance and escalating payments. Rent expense is being recognized on a straight-line basis over the term of the lease. The cumulative difference between the expense and the cash payments, which was $188,132 at December 31, 2016, is reported as deferred rent on the accompanying consolidated balance sheet. Rent expense for the year ended December 31, 2016, was $467,604.

The landlord required that in lieu of a security deposit, THP has a letter of credit for $228,858. The letter of credit is secured by a certificate of deposit, which is included in investments. In addition, THP has an agreement to sublet a portion of its current office space, which expires in March 18, 2018. Monthly rental receipts are $20,250 through July 2017 and $21,483 beginning August 2017.

Note 7. Lease (Continued)

In September 2017, THP entered into a new lease with a new landlord for office space in New York City, which commences on November 1, 2017 and expires October 31, 2024. The lease provides for three months of free rent and escalating payments. Rent expense per month will be approximately $14,500. For the existing lease, the current landlord will be assigned the sublease for its remaining term as part of the agreement, THP will vacate the space by November 1, 2017 and no additional rent payments are due after October 2017.

Future minimum lease payments under these leases, net of sublease income, are as follows:

	Lease Commitment			
	New Office Space	Current Office Space	Sublease Income	Net Lease Commitment
Years ending December 31:				
2017	$ 14,500	$ 513,798	$ 208,665	$ 319,633
2018	159,935	-	-	159,935
2019	164,733	-	-	164,733
2020	185,518	-	-	185,518
2021	191,078	-	-	191,078
Thereafter	572,654	-	-	572,654
	$ 1,288,418	$ 513,798	$ 208,665	$ 1,593,551

Note 8. Retirement Plans

THP has a profit sharing employee retirement plan (the Plan) covering substantially all U.S. employees who are 18 years of age and have completed 1,000 hours of service. Employer matching contributions equal 100% of the employee's individual contribution, up to $500 for each employee. Vesting occurs 20% each year over five years. There is also an additional discretionary employer contribution determined annually, and employees are 100% vested. For the year ended December 31, 2016, THP made total contributions of $60,472 to the Plan.

THP also maintains a 403(b) savings plan (the Savings Plan) for all full-time employees. Employees are eligible to participate immediately upon employment. THP did not contribute to the Savings Plan for the year ended December 31, 2016.

Note 9. Commitment – Retirement Contract

THP has a postretirement contract with the Founding President. Under the terms of this agreement, the Founding President will receive $100,000 per year in exchange for part-time services rendered. Payments shall continue until the earlier of death or failure to comply with the conditions of the agreement, specifically to not provide services as an employee, officer or director or participate in any fundraising activities for an entity with goals, objectives and methods similar to the THP.

Note 10. Life Insurance

THP has a life insurance policy on the Founding President. THP pays the premiums and is the sole beneficiary on the policy. Total face amount and cash surrender value of the policy at December 31, 2016, was $2,154,114 and $1,323,525, respectively.

Note 11. Related Parties

During the year ended December 31, 2016, contributions received from Board members were $634,883 and are included on the accompanying consolidated statement of activities. Promises to give from Board members and THP executive staff were $175,000 at December 31, 2016, and are included on the accompanying consolidated balance sheet.

Partner Country entities' (see "Consolidation policy" in Note 1) contributions of $6,705,031 comprise 35% of THP's total support and revenue for the year ended December 31, 2016. Partner Country promises to give of $2,005,223, comprise 40% of THP's net promises to give at December 31, 2016.