

# **Humentum**

Consolidated Financial Statements  
and Supplementary Information

September 30, 2020 and 2019

# Humentum

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September 30, 2020 and 2019

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## Independent Auditors' Report

To the Board of Directors of  
Humentum

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Humentum, which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 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 organization'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 consolidated financial position of Humentum as of September 30, 2020 and 2019, and the consolidated 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.

**Other Matters**

*Report on Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information presented on pages 17 - 20 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Baker Tilly US, LLP*

New York, New York  
February 11, 2021

# Humentum

Consolidated Statements of Financial Position  
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,369,811	\$ 699,759
Investments	2,481,453	2,360,484
Accounts receivable, net of allowance of approximately \$231,000 and \$275,000, respectively	1,554,309	1,067,379
Prepaid expenses and other current assets	<u>193,000</u>	<u>395,378</u>
Total current assets	<u>5,598,573</u>	<u>4,523,000</u>
<b>Noncurrent Assets</b>		
Property and equipment, net	448,086	535,298
Intangible assets, net	<u>56,807</u>	<u>86,295</u>
Total noncurrent assets	<u>504,893</u>	<u>621,593</u>
Total assets	<u>\$ 6,103,466</u>	<u>\$ 5,144,593</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 510,864	\$ 773,385
Deferred rent	61,652	53,751
Deferred revenue	<u>2,206,965</u>	<u>1,393,042</u>
Total current liabilities	<u>2,779,481</u>	<u>2,220,178</u>
<b>Noncurrent Liabilities</b>		
Deferred rent	<u>606,223</u>	<u>667,874</u>
Total liabilities	<u>3,385,704</u>	<u>2,888,052</u>
<b>Net Assets</b>		
Net assets without donor restrictions	2,141,454	2,237,312
Net assets with donor restrictions	<u>576,308</u>	<u>19,229</u>
Total net assets	<u>2,717,762</u>	<u>2,256,541</u>
Total liabilities and net assets	<u>\$ 6,103,466</u>	<u>\$ 5,144,593</u>

See notes to consolidated financial statements

## Humentum

Consolidated Statements of Activities  
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Net Assets Without Donor Restrictions</b>		
Operating revenues and support:		
Workshops, training and annual conference	\$ 2,604,160	\$ 4,281,288
In-kind contributions	2,753,674	2,409,680
Consulting services	1,176,605	1,321,444
Membership dues	2,008,370	1,897,463
Grants and contracts	1,097,233	852,312
Corporate support	186,718	78,133
Recruitment services	138,068	138,701
Publications and surveys	-	34,235
Other	24,535	40,339
Net assets released from restrictions	<u>3,606</u>	<u>8,628</u>
 Total operating revenue and support	 <u>9,992,969</u>	 <u>11,062,223</u>
<b>Expenses</b>		
Program	7,780,628	10,017,705
Management and general	1,840,473	2,297,850
Fundraising	<u>582,471</u>	<u>280,723</u>
 Total expenses	 <u>10,203,572</u>	 <u>12,596,278</u>
 Net operating loss	 <u>(210,603)</u>	 <u>(1,534,055)</u>
<b>Nonoperating Activities</b>		
Interest and dividends	2,217	2,619
Realized and unrealized gains, net of fees	114,166	106,365
Loss on foreign currency translation adjustments	<u>(1,638)</u>	<u>(71,613)</u>
 Total nonoperating activities	 <u>114,745</u>	 <u>37,371</u>
 Change in net assets without donor restrictions	 <u>(95,858)</u>	 <u>(1,496,684)</u>
<b>Net Assets With Donor Restrictions</b>		
Contributions	551,406	20,124
Net assets released from restrictions	(3,606)	(8,628)
Gain (loss) on foreign currency translation adjustments	<u>9,279</u>	<u>(441)</u>
 Change in net assets with donor restrictions	 <u>557,079</u>	 <u>11,055</u>
 Change in net assets	 461,221	 (1,485,629)
 <b>Net Assets, Beginning</b>	 <u>2,256,541</u>	 <u>3,742,170</u>
 <b>Net Assets, Ending</b>	 <u>\$ 2,717,762</u>	 <u>\$ 2,256,541</u>

See notes to consolidated financial statements

**Humentum**

## Consolidated Statement of Functional Expenses

Year Ended September 30, 2020

	<u>Learning</u>	<u>Convening</u>	<u>Consultancy</u>	<u>Grants</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, payroll taxes and fringe benefits	\$ 1,326,103	\$ 477,811	\$ 393,590	\$ 247,811	\$ 2,445,315	\$ 717,542	\$ 500,177	\$ 3,663,034
In-kind	2,679,009	-	-	74,666	2,753,675	-	-	2,753,675
Training support, facilities and materials	334,975	4,620	11,986	3,892	355,473	22,344	-	377,817
Consultants and contractors for client projects and grants	574,894	111,467	502,013	542,192	1,730,566	34,319	10,832	1,775,717
Travel	90,609	934	53,975	17,723	163,241	79,261	4,321	246,823
Office expenses	1,249	-	1,558	-	2,807	51,988	-	54,795
Technology supplies and support	169,211	9,405	243	60,638	239,497	243,638	23,594	506,729
Dues and other	1,914	4,850	-	21,513	28,277	16,565	43,048	87,890
Rent	-	-	-	1,916	1,916	318,307	-	320,223
Credit card and bank service charges	-	-	-	1,654	1,654	70,509	40	72,203
Professional services fees	10,165	325	65	12,516	23,071	150,816	459	174,346
Depreciation and amortization	35,136	-	-	-	35,136	87,212	-	122,348
Bad debt	-	-	-	-	-	47,972	-	47,972
Total	<u>\$ 5,223,265</u>	<u>\$ 609,412</u>	<u>\$ 963,430</u>	<u>\$ 984,521</u>	<u>\$ 7,780,628</u>	<u>\$ 1,840,473</u>	<u>\$ 582,471</u>	<u>\$ 10,203,572</u>

See notes to consolidated financial statements

**Humentum**

## Consolidated Statement of Functional Expenses

Year Ended September 30, 2019

	<u>Learning</u>	<u>Convening</u>	<u>Consultancy</u>	<u>Grants</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, payroll taxes and fringe benefits	\$ 2,087,026	\$ 288,376	\$ 1,056,528	\$ 143,985	\$ 3,575,915	\$ 1,040,648	\$ 37,948	\$ 4,654,511
In-kind	2,409,680	-	-	-	2,409,680	-	-	2,409,680
Training support, facilities and materials	570,841	571,096	122,720	501	1,265,158	38,952	55,993	1,360,103
Consultants and contractors for client projects and grants	670,081	107,345	660,543	622,526	2,060,495	48,990	28,416	2,137,901
Travel	259,205	45,940	133,265	7,965	446,375	79,684	3,298	529,357
Office expenses	5,902	3,843	1,149	25	10,919	79,438	3,575	93,932
Technology supplies and support	129,314	19,442	241	5,146	154,143	208,524	62,144	424,811
Dues and other	25,898	5,271	1,305	5,840	38,314	35,819	36,654	110,787
Rent	-	-	-	1,190	1,190	290,588	52,030	343,808
Credit card and bank service charges	111	-	-	-	111	106,896	665	107,672
Professional services fees	16,597	3,824	7,542	8,710	36,673	277,466	-	314,139
Depreciation and amortization	18,732	-	-	-	18,732	90,845	-	109,577
Total	<u>\$ 6,193,387</u>	<u>\$ 1,045,137</u>	<u>\$ 1,983,293</u>	<u>\$ 795,888</u>	<u>\$ 10,017,705</u>	<u>\$ 2,297,850</u>	<u>\$ 280,723</u>	<u>\$ 12,596,278</u>

*See notes to consolidated financial statements*



## Humentum

Consolidated Statements of Cash Flows  
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 461,221	\$ (1,485,629)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	122,348	109,577
Bad debt expense	47,972	-
Effect of foreign currency translation adjustments	(7,641)	72,054
Realized and unrealized gains on investments	(130,785)	(121,572)
Change in deferred rent	(53,750)	(46,058)
Changes in operating assets and liabilities:		
Accounts receivable	(534,902)	(164,020)
Prepaid expenses and other current assets	202,378	(106,163)
Accounts payable and accrued expenses	(254,880)	59,799
Deferred revenue	813,923	516,211
Net cash flows from operating activities	<u>665,884</u>	<u>(1,165,801)</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	-	(18,732)
Purchase of intangible assets	(5,648)	(86,295)
Proceeds from sale of investments	1,620,465	1,941,954
Purchases of investments	<u>(1,610,649)</u>	<u>(721,010)</u>
Net cash flows from investing activities	<u>4,168</u>	<u>1,115,917</u>
Net change in cash	670,052	(49,884)
<b>Cash, Beginning</b>	<u>699,759</u>	<u>749,643</u>
<b>Cash, Ending</b>	<u>\$ 1,369,811</u>	<u>\$ 699,759</u>

See notes to consolidated financial statements

# Humentum

Notes to Consolidated Financial Statements  
September 30, 2020 and 2019

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## 1. Description of Organization and Summary of Significant Accounting Policies

### Organization

Humentum is the leading global not-for-profit working with humanitarian and development organizations to improve how they operate and to make the community more equitable, accountable and resilient. Humentum has staff based across the United States, Europe, Africa, Latin America and Asia. Humentum also works with over 100 expert associates and trainers based in a range of countries around the world to deliver consultancy projects and trainings for members and clients.

Humentum was formed by the merger of InsideNGO, LINGOs and Mango in July 2017. Humentum strongly believes that together, it has the power to change the world in ways it couldn't do within individual organizations and this belief was also the driving force behind the merger.

Humentum's focus is on strengthening operational capacities such as financial management, human resources, compliance, and program management within our network of 300+ humanitarian and development organizations. Development professionals come together to share solutions at convenings, learn together in trainings, and grow their organization's capacity with the support of Humentum's expertise. Humentum believes that strong operations promote long term planning, increase positive impact, gain public trust and realize investments that contribute to a thriving social sector. Combined, these efforts will create a just and sustainable world.

Humentum's Vision: A just and sustainable world with a thriving and trusted social sector.

Humentum's Mission: Partner with the global development community to be an equitable, accountable and resilient force for social good.

As a result of the COVID-19 pandemic in 2020, Humentum was able to pivot from face-to-face training to online activities quickly and seamlessly providing an ongoing source of revenue. Humentum also commenced receiving grants revenue from new sources providing further resilience to its future. Over the next year, Humentum will work to create organizational offers that integrate the full services of Humentum, including consulting, learning, peer communities and insight, to deliver solutions and new value that help transform the capabilities of global development organizations. Humentum continually assesses the impact of COVID-19 on its revenue and has determined there is no material uncertainty about its going concern due to the ability to continue activities on the international standards project and other new project revenue sources, the switch to digital and through developing more online assessment tools for consultancy work.

### Basis of Accounting

The accompanying consolidated financial statements of Humentum have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

### Principles of Consolidation

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, *Consolidation*, the accompanying consolidated financial statements include the accounts of Humentum US and its wholly owned subsidiary, Humentum UK, collectively Humentum. All intercompany transactions have been eliminated in consolidation.

# Humentum

Notes to Consolidated Financial Statements  
September 30, 2020 and 2019

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## Net Assets

Humentum classifies its net assets into two categories, which are net assets without donor restrictions and net assets with donor restrictions.

**Net Assets Without Donor Restrictions** - Net assets which are reflective of revenues and expenses associated with the principal operating activities of Humentum and are not subject to donor-imposed stipulations.

**Net Assets With Donor Restrictions** - Net assets which are limited by donor restrictions that either expire with the passage of time or can be fulfilled and removed by actions of Humentum. Also includes net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity, but generally permit Humentum to utilize earnings as specified by donors.

Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met either by actions of Humentum and/or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the consolidated financial statements.

Net assets with donor restrictions also include net assets that are subject to donor-imposed stipulations that must be maintained in perpetuity by Humentum. There are no such assets as of September 30, 2020 and 2019.

## Foreign Currency

Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rate in effect at the consolidated statements of financial position dates. This item is not included as part of the operating indicator and is reported as nonoperating activities in the consolidated statements of activities.

## Investments

Investments in marketable equity and fixed income securities are stated at fair value. Donated investments are recorded at fair value at the date of donation. Investments subject to the provisions of Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share*, with no readily determinable fair values are recorded at net asset value per share as a practical expedient to estimating fair value.

Investment income is reported net of external and direct internal investment expenses, when applicable. Realized and unrealized gains or losses on investments are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

## Accounts Receivable

Management must make estimates of the collectability of all accounts receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the adequacy of the allowance for doubtful accounts. Amounts included in accounts receivable relate to workshops, training, virtual events and consulting services. As of September 30, 2020 and 2019, the allowance for uncollectible accounts is approximately \$231,000 and \$275,000, respectively.

# Humentum

Notes to Consolidated Financial Statements  
September 30, 2020 and 2019

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## Fair Value

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. Humentum must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs), or Level 3 (valued based on significant unobservable inputs) measurements within the fair value hierarchy.

## Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets, which range from 5 to 15 years, on the straight-line method. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Humentum capitalizes property and equipment acquisitions at \$5,000 and above.

## Intangible Assets

Humentum's intangible assets include the development of new online courses. The development is capitalized at cost and is amortized over their economic life (three years), using the straight line method from the point the course is available.

## Deferred Rent/Rent Expense

Rent expense is recognized on the straight-line basis over the life of the lease. As a result, rent expense does not equal the amount of cash paid for rent. The difference between the rent paid and the rent expense recognized is recorded to deferred rent when the rent expense exceeds the cash paid, or prepaid rent when the cash paid exceeds the rent expense.

## Revenue Recognition

Workshops, training and annual conference revenue is recognized when the events are held. Consulting services revenue is recognized as services are rendered. Membership dues revenue is recognized ratably over the period of membership. Cash received that relates to the subsequent fiscal years and not yet earned are classified as deferred revenue.

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Humentum reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions, such as a barrier and right of return or release, are substantially met.

Humentum receives donated user licenses for various programs and course content that are also provided to Humentum's members. In-kind contributions are recorded at the estimated fair value it would cost to purchase these licenses and courses in the consolidated statements of activities. The accompanying consolidated statements of activities includes donated software, in-kind user licenses and course content related contributions and expenses of approximately \$2,754,000 and \$2,410,000 for the years ended September 30, 2020 and 2019, respectively.

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Notes to Consolidated Financial Statements  
September 30, 2020 and 2019

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Humentum UK, received donated services of 174 days of voluntary expertise towards the International Financial Reporting for Non-Profit Organizations initiative. These in-kind services are measured at an average daily rate, and were approximately \$77,000 for the year ended September 30, 2020. There were no in-kind services of this type for the year ended September 30, 2019.

Humentum also receives access to various other services and course content for the expressed purpose of providing those benefits to its members. The use and distribution of these contributed resources are controlled and directed by the donating entity and, therefore, are not recognized in the accompanying consolidated financial statements.

## Income Taxes

Humentum is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not considered a private foundation. Accordingly, no provision has been made for income taxes.

No corporation tax is payable for Humentum UK since, as a registered charity, Humentum UK is generally exempt on its income and capital gains provided that they are applied for charitable purposes.

## Uncertain Tax Positions

Management has evaluated Humentum's tax positions and concluded that it has not taken any uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of FASB ASC 740.

## Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of Humentum. Most expenses may be identified to their related program or supporting service and are recorded accordingly. Salaries and benefits expenses are allocated based upon estimated time spent by the respective individuals on each program area, as recorded on approved timesheets. No other costs are allocated to program areas.

## Operating Measure

Humentum includes in its definition of operations all revenues and expenses associated with helping members in building and leading teams who will become essential partners in accomplishing the missions of their organizations. Interest and dividends, realized and unrealized gains and losses and gains and losses on foreign currency translation adjustments are excluded from the measure of operations.

## Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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.

## Reclassifications

Certain 2019 amounts have been reclassified to conform with the 2020 presentation.

## Recent Accounting Pronouncements

In 2020, Humentum adopted FASB ASU 2018-08, *Contributions - Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance under ASU 2018-08 is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in ASU 2018-08 assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 did not impact Humentum's consolidated financial statements.

In 2019, Humentum adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The adoption standard changed the following aspects of Humentum's consolidated financial statements:

- (a) The unrestricted net asset class was renamed Net Assets Without Donor Restrictions;
- (b) The temporarily restricted net asset class was renamed Net Assets With Donor Restrictions;
- (c) The consolidated financial statements included a disclosure about liquidity and availability of resources (Note 2);
- (d) Additional disclosure of Humentum's operating measure was provided.
- (e) Expenses were reported by both nature and function, and the disclosure of specific methodologies used to allocate costs among program and support functions is provided (Note 1).

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)*. The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for Humentum for fiscal years beginning after December 15, 2020. Management is currently evaluating the impact of ASU 2014-09 on Humentum's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for Humentum for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of ASU 2016-02 on Humentum's consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of ASU 2020-07 on Humentum's consolidated financial statements.

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Notes to Consolidated Financial Statements  
September 30, 2020 and 2019

## 2. Liquidity and Availability of Resources

Humentum's financial assets available within one year of September 30, 2020 and 2019 for general expenditures such as operating expenses and fixed asset purchases are as follows as of September 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,369,811	\$ 699,759
Investments	2,481,453	2,360,484
Accounts receivable, net	<u>1,554,309</u>	<u>1,067,379</u>
Total financial assets	5,405,573	4,127,622
Less donor restricted amounts	<u>576,308</u>	<u>19,229</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,829,265</u>	<u>\$ 4,108,393</u>

As part of Humentum's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Humentum's main source of liquidity is workshops, training and conferences, consulting services and membership dues. Although investments are available for expenditure, it is not Humentum's intention to use investments for operating purposes.

## 3. Investments and Fair Value

Investments consist of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Equity funds	\$ 413,334	\$ 204,377
Fixed income funds	<u>2,068,119</u>	<u>2,156,107</u>
Total	<u>\$ 2,481,453</u>	<u>\$ 2,360,484</u>

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Humentum has access to.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from and corroborated by observable market data by correlation or other means.

# Humentum

Notes to Consolidated Financial Statements  
September 30, 2020 and 2019

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology were unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the type of instrument, whether the instrument is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of September 30, 2020 and 2019:

Equity funds and fixed income - Publicly traded in active markets.

The following tables present the fair value hierarchy for assets of Humentum measured at fair value as of September 30:

	<b>Fair Value Measurements as of September 30, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity funds	\$ 413,334	\$ -	\$ -	\$ 413,334
Fixed income funds	2,068,119	-	-	2,068,119
Total	<u>\$ 2,481,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,481,453</u>

  

	<b>Fair Value Measurements as of September 30, 2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity funds	\$ 204,377	\$ -	\$ -	\$ 204,377
Fixed income funds	2,156,107	-	-	2,156,107
Total	<u>\$ 2,360,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,360,484</u>

## 4. Fixed Assets, Net

Fixed assets, net, are summarized as follows:

	<b>2020</b>	<b>2019</b>
Office equipment	\$ 231,368	\$ 228,640
Leasehold improvements	523,859	528,385
	755,227	757,025
Less accumulated depreciation	307,141	221,727
Total	<u>\$ 448,086</u>	<u>\$ 535,298</u>



## Humentum

Notes to Consolidated Financial Statements  
September 30, 2020 and 2019

### 5. Deferred Revenue

Deferred revenue consisted of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Membership dues	\$ 1,389,542	\$ 1,242,235
Projects	11,290	5,474
Training and client service	314,454	145,333
Events	158,647	-
Conditional contribution - PPP (a)	333,032	-
Total	<u>\$ 2,206,965</u>	<u>\$ 1,393,042</u>

(a) As of September 30, 2020, deferred revenue also includes funding in the amount of \$333,032 pursuant to the Paycheck Protection Program (PPP), administered by the U.S. Small Business Administration. The PPP was authorized in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Subject to certain eligibility and spending requirements under the PPP, some or all of the amount received may be forgiven; however, the amount and timing of any forgiveness is uncertain. Humentum has elected to record such funds under the contribution model and is accounting for the PPP funds as a conditional contribution. Accordingly, as of September 30, 2020, Humentum has recorded the PPP funding as deferred revenue. PPP revenue will be recognized when the conditions are met.

### 6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Training bursaries	\$ 39,731	\$ 19,229
Grant fund	536,577	-
Total	<u>\$ 576,308</u>	<u>\$ 19,229</u>

The designated bursary fund represents funds set aside to allow poorly resourced local NGOs in developing countries to benefit from Humentum UK's service who would not otherwise be able to afford them.

Grant fund represents various grants received by Humentum UK for technical assistance and global financial reporting guidance.

Net assets released from restrictions consist of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Training bursaries	\$ 3,606	\$ 8,628
Total	<u>\$ 3,606</u>	<u>\$ 8,628</u>

# Humentum

Notes to Consolidated Financial Statements  
September 30, 2020 and 2019

## 7. Concentrations of Credit Risk

Financial instruments which potentially subject Humentum to concentrations of credit risk consist principally of cash, investments and accounts receivable. From time to time, the cash balances exceed the federal depository insurance coverage limit.

## 8. Retirement Plans

Humentum sponsors a defined contribution 403(b) plan, to which eligible employees may contribute at their discretion and to which Humentum also makes a contribution. To become eligible, employees must complete three months of service. Under the plan, Humentum contributes 6 percent and 8 percent of each eligible employee's salary during the first and second year of service, respectively and 10 percent of each eligible employee's salary during the third year and thereafter; Humentum contributions are vested in the plan immediately. Retirement expense totaled approximately \$136,000 and \$206,000 for the years ended September 30, 2020 and 2019, respectively, under this plan. To bring equity to its retirement plans, as of October 1, 2020, Humentum no longer requires employees to complete three months of service to become eligible employees. In addition, Humentum will contribute 5 percent of each eligible employee's salary throughout their service.

Humentum UK operated a defined contribution pension scheme, the Mango Group Personal Pension Scheme, the assets of which are held in external funds. Contributions of 5 percent of eligible compensation during the period are charged as they become payable. Retirement expense totaled approximately \$40,000 and \$35,000 for the years ended September 30, 2020 and 2019, respectively, under this plan.

## 9. Operating Leases

Humentum leases office space in Washington DC. The future minimum rental payments are approximately as follows:

Years ending September 30:	
2021	\$ 296,000
2022	288,000
2023	280,000
2024	271,000
2025	263,000
Thereafter	<u>619,000</u>
Total	<u>\$ 2,017,000</u>

## 10. Subsequent Events

Management has evaluated subsequent events through February 11, 2021, the date the consolidated financial statements are available for issuance, for inclusion or disclosure in the consolidated financial statements.

## Humentum

Consolidating Statement of Financial Position  
September 30, 2020

	<u>Humentum US</u>	<u>Humentum UK</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 894,840	\$ 474,971	\$ -	\$ 1,369,811
Investments	2,481,453	-	-	2,481,453
Accounts receivable, net of allowance of \$231,000	1,177,663	376,646	-	1,554,309
Due from affiliate	-	370,792	(370,792)	-
Prepaid expenses and other current assets	136,438	56,562	-	193,000
Total current assets	<u>4,690,394</u>	<u>1,278,971</u>	<u>(370,792)</u>	<u>5,598,573</u>
<b>Noncurrent Assets</b>				
Property and equipment, net	448,086	-	-	448,086
Intangible assets, net	45,526	11,281	-	56,807
Total noncurrent assets	<u>493,612</u>	<u>11,281</u>	<u>-</u>	<u>504,893</u>
Total assets	<u>\$ 5,184,006</u>	<u>\$ 1,290,252</u>	<u>\$ (370,792)</u>	<u>\$ 6,103,466</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 199,422	\$ 311,442	\$ -	\$ 510,864
Due to affiliate	370,792	-	(370,792)	-
Deferred rent	61,652	-	-	61,652
Deferred revenue	2,036,861	170,104	-	2,206,965
Total current liabilities	<u>2,668,727</u>	<u>481,546</u>	<u>(370,792)</u>	<u>2,779,481</u>
<b>Noncurrent Liabilities</b>				
Deferred rent	606,223	-	-	606,223
Total liabilities	<u>3,274,950</u>	<u>481,546</u>	<u>(370,792)</u>	<u>3,385,704</u>
<b>Net Assets</b>				
Net assets without donor restrictions	1,909,056	232,398	-	2,141,454
Net assets with donor restrictions	-	576,308	-	576,308
Total net assets	<u>1,909,056</u>	<u>808,706</u>	<u>-</u>	<u>2,717,762</u>
Total liabilities and net assets	<u>\$ 5,184,006</u>	<u>\$ 1,290,252</u>	<u>\$ (370,792)</u>	<u>\$ 6,103,466</u>

## Humentum

Consolidating Statement of Financial Position  
September 30, 2019

	<u>Humentum US</u>	<u>Humentum UK</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 644,729	\$ 55,030	\$ -	\$ 699,759
Investments	2,360,484	-	-	2,360,484
Accounts receivable, net of allowance of \$275,000	773,997	293,382		1,067,379
Due from affiliate	-	48,278	(48,278)	-
Prepaid expenses and other current assets	289,021	106,357	-	395,378
Total current assets	<u>4,068,231</u>	<u>503,047</u>	<u>(48,278)</u>	<u>4,523,000</u>
<b>Noncurrent Assets</b>				
Property and equipment, net	535,298	-	-	535,298
Intangible assets, net	68,371	17,924	-	86,295
Total noncurrent assets	<u>603,669</u>	<u>17,924</u>	<u>-</u>	<u>621,593</u>
Total assets	<u>\$ 4,671,900</u>	<u>\$ 520,971</u>	<u>\$ (48,278)</u>	<u>\$ 5,144,593</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 560,490	\$ 212,895	\$ -	\$ 773,385
Due to affiliate	46,915	-	(46,915)	-
Deferred rent	53,751	-	-	53,751
Deferred revenue	1,278,235	114,807	-	1,393,042
Total current liabilities	<u>1,939,391</u>	<u>327,702</u>	<u>(46,915)</u>	<u>2,220,178</u>
<b>Noncurrent Liabilities</b>				
Deferred rent	667,874	-	-	667,874
Total noncurrent liabilities	<u>667,874</u>	<u>-</u>	<u>-</u>	<u>667,874</u>
Total liabilities	<u>2,607,265</u>	<u>327,702</u>	<u>(46,915)</u>	<u>2,888,052</u>
<b>Net Assets</b>				
Net assets without donor restrictions	2,064,635	174,040	(1,363)	2,237,312
Net assets with donor restrictions	-	19,229	-	19,229
Total net assets	<u>2,064,635</u>	<u>193,269</u>	<u>(1,363)</u>	<u>2,256,541</u>
Total liabilities and net assets	<u>\$ 4,671,900</u>	<u>\$ 520,971</u>	<u>\$ (48,278)</u>	<u>\$ 5,144,593</u>

## Humentum

Consolidating Statement of Activities  
Year Ended September 30, 2020

	<u>Humentum US</u>	<u>Humentum UK</u>	<u>Eliminations</u>	<u>Total</u>
<b>Net Assets Without Donor Restrictions</b>				
Operating revenues and support:				
Workshops, training and annual conference	\$ 2,099,444	\$ 504,716	\$ -	\$ 2,604,160
In-kind contributions	2,679,009	74,665	-	2,753,674
Consulting services	338,337	838,268	-	1,176,605
Membership dues	2,003,477	4,893	-	2,008,370
Grants and contracts	349,723	747,510	-	1,097,233
Corporate support	183,834	2,884	-	186,718
Recruitment services	138,068	-	-	138,068
Other	13,353	11,182	-	24,535
Net assets released from restrictions	-	3,606	-	3,606
	<u>7,805,245</u>	<u>2,187,724</u>	<u>-</u>	<u>9,992,969</u>
<b>Expenses</b>				
Program	6,028,491	1,752,137	-	7,780,628
Management and general	1,629,349	211,124	-	1,840,473
Fundraising	418,936	163,535	-	582,471
	<u>8,076,776</u>	<u>2,126,796</u>	<u>-</u>	<u>10,203,572</u>
Net operating loss	<u>(271,531)</u>	<u>60,928</u>	<u>-</u>	<u>(210,603)</u>
<b>Nonoperating Activities</b>				
Interest and dividends	1,786	431	-	2,217
Realized and unrealized gains, net of fees	114,166	-	-	114,166
(Loss) gain on foreign currency translation adjustments	-	(3,001)	1,363	(1,638)
	<u>115,952</u>	<u>(2,570)</u>	<u>1,363</u>	<u>114,745</u>
Change in net assets without donor restrictions	<u>(155,579)</u>	<u>58,358</u>	<u>1,363</u>	<u>(95,858)</u>
<b>Net Assets With Donor Restrictions</b>				
Contributions	-	551,406	-	551,406
Net assets released from restrictions	-	(3,606)	-	(3,606)
Gain on foreign currency translation adjustments	-	9,279	-	9,279
	<u>-</u>	<u>557,079</u>	<u>-</u>	<u>557,079</u>
Change in net assets	<u>(155,579)</u>	<u>615,437</u>	<u>1,363</u>	<u>461,221</u>
<b>Net Assets, Beginning</b>	<u>2,064,635</u>	<u>193,269</u>	<u>(1,363)</u>	<u>2,256,541</u>
<b>Net Assets, Ending</b>	<u>\$ 1,909,056</u>	<u>\$ 808,706</u>	<u>\$ -</u>	<u>\$ 2,717,762</u>

## Humentum

Consolidating Statement of Activities  
Year Ended September 30, 2019

	<u>Humentum US</u>	<u>Humentum UK</u>	<u>Eliminations</u>	<u>Total</u>
<b>Net Assets Without Donor Restrictions</b>				
Operating revenues and support:				
Workshops, training and annual conference	\$ 3,419,059	\$ 863,592	\$ (1,363)	\$ 4,281,288
In-kind contributions	2,409,680	-	-	2,409,680
Consulting services	94,077	1,227,367	-	1,321,444
Membership dues	1,897,463	-	-	1,897,463
Grants and contracts	852,312	-	-	852,312
Corporate support	42,500	35,633	-	78,133
Recruitment services	138,701	-	-	138,701
Publications and surveys	34,235	-	-	34,235
Other	13,511	26,828	-	40,339
Net assets released from restrictions	-	8,628	-	8,628
	<u>8,901,538</u>	<u>2,162,048</u>	<u>(1,363)</u>	<u>11,062,223</u>
<b>Expenses</b>				
Program	8,277,971	1,739,734	-	10,017,705
Management and general	1,842,681	455,169	-	2,297,850
Fundraising	110,763	169,960	-	280,723
	<u>10,231,415</u>	<u>2,364,863</u>	<u>-</u>	<u>12,596,278</u>
Net operating loss	<u>(1,329,877)</u>	<u>(202,815)</u>	<u>(1,363)</u>	<u>(1,534,055)</u>
<b>Nonoperating Activities</b>				
Interest and dividends	321	2,298	-	2,619
Realized and unrealized gains, net of fees	106,365	-	-	106,365
Loss on foreign currency translation adjustments	-	(71,613)	-	(71,613)
	<u>106,686</u>	<u>(69,315)</u>	<u>-</u>	<u>37,371</u>
Change in net assets without donor restrictions	<u>(1,223,191)</u>	<u>(272,130)</u>	<u>(1,363)</u>	<u>(1,496,684)</u>
<b>Net Assets With Donor Restrictions</b>				
Contributions	-	20,124	-	20,124
Net assets released from restrictions	-	(8,628)	-	(8,628)
Loss on foreign currency translation adjustments	-	(441)	-	(441)
	<u>-</u>	<u>11,055</u>	<u>-</u>	<u>11,055</u>
Change in net assets	<u>(1,223,191)</u>	<u>(261,075)</u>	<u>(1,363)</u>	<u>(1,485,629)</u>
<b>Net Assets, Beginning</b>	<u>3,287,826</u>	<u>454,344</u>	<u>-</u>	<u>3,742,170</u>
<b>Net Assets, Ending</b>	<u>\$ 2,064,635</u>	<u>\$ 193,269</u>	<u>\$ (1,363)</u>	<u>\$ 2,256,541</u>