

PLAN INTERNATIONAL USA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020



Report of Independent Auditors

To the Board of Directors of Plan International USA, Inc.

We have audited the accompanying financial statements of Plan International USA, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, of functional expenses and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Plan International USA, Inc. as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Baltimore, Maryland
December 6, 2021

PLAN INTERNATIONAL USA, INC.
Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 13,186,155	\$ 17,169,574
Grants receivable	12,776,878	7,897,338
Prepaid expenses and other assets	783,105	852,752
Bequests and pledges receivable	8,959,061	5,874,287
Investments	23,203,780	19,915,128
Contributions receivable from charitable trusts	455,480	420,789
Beneficial interest in perpetual trusts	528,459	439,908
Right of use lease asset	8,607,008	9,274,362
Land, building and equipment, net	<u>1,753,950</u>	<u>1,672,174</u>
Total assets	<u>\$ 70,253,876</u>	<u>\$ 63,516,312</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and other liabilities	\$ 1,606,549	\$ 1,757,998
Due to Plan International, Inc.	8,181,868	5,628,236
Lease liability	10,353,448	10,682,770
Obligation under split-interest agreements	<u>324,977</u>	<u>339,266</u>
Total liabilities	20,466,842	18,408,270
 Net Assets:		
Without donor restrictions		
Land, building and equipment	1,753,950	1,672,174
Board-designated quasi endowments and similar funds	<u>17,508,503</u>	<u>17,664,878</u>
Total without donor restrictions	19,262,453	19,337,052
Total with donor restrictions	<u>30,524,581</u>	<u>25,770,990</u>
Total net assets	<u>49,787,034</u>	<u>45,108,042</u>
Total liabilities and net assets	<u>\$ 70,253,876</u>	<u>\$ 63,516,312</u>

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

PLAN INTERNATIONAL USA, INC.
Statements of Activities
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>			<u>2020</u>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Sponsorship contributions	\$ 18,098,508	\$ 1,175,169	\$ 19,273,677	\$ 18,421,827	\$ 1,144,731	\$ 19,566,558
U.S. government grants and contracts	22,252,103	-	22,252,103	26,356,024	-	26,356,024
Contributions	7,908,032	7,866,548	15,774,580	6,903,599	8,493,300	15,396,899
Gifts-in-kind	3,492,544	-	3,492,544	2,121,305	-	2,121,305
Contributions from estates, trusts and annuities	2,727,928	1,215,415	3,943,343	3,320,415	-	3,320,415
Contributions to endowments	-	63,684	63,684	-	100,774	100,774
Net assets released from restrictions	8,608,487	(8,608,487)	-	8,478,315	(8,478,315)	-
Total public support and revenue	<u>63,087,602</u>	<u>1,712,329</u>	<u>64,799,931</u>	<u>65,601,485</u>	<u>1,260,490</u>	<u>66,861,975</u>
Net investment income	<u>537,877</u>	<u>2,892,710</u>	<u>3,430,587</u>	<u>362,877</u>	<u>793,502</u>	<u>1,156,379</u>
Total operating revenues and other support	<u>63,625,479</u>	<u>4,605,039</u>	<u>68,230,518</u>	<u>65,964,362</u>	<u>2,053,992</u>	<u>68,018,354</u>
Expenses:						
Program expenses:						
Program and technical support	41,962,135	-	41,962,135	41,098,172	-	41,098,172
Building relationships	1,002,153	-	1,002,153	909,284	-	909,284
Development education & advocacy programs	5,704,247	-	5,704,247	3,848,072	-	3,848,072
Total program expenses	<u>48,668,535</u>	<u>-</u>	<u>48,668,535</u>	<u>45,855,528</u>	<u>-</u>	<u>45,855,528</u>
Operating expenses:						
Fundraising	5,531,733	-	5,531,733	4,678,149	-	4,678,149
Management and general	9,495,355	-	9,495,355	11,699,810	-	11,699,810
Total operating expenses	<u>15,027,088</u>	<u>-</u>	<u>15,027,088</u>	<u>16,377,959</u>	<u>-</u>	<u>16,377,959</u>
Total expenses	<u>63,695,623</u>	<u>-</u>	<u>63,695,623</u>	<u>62,233,487</u>	<u>-</u>	<u>62,233,487</u>
Total operating results	<u>(70,144)</u>	<u>4,605,039</u>	<u>4,534,895</u>	<u>3,730,875</u>	<u>2,053,992</u>	<u>5,784,867</u>
Nonoperating results:	<u>(4,455)</u>	<u>148,552</u>	<u>144,097</u>	<u>(913,238)</u>	<u>(31,967)</u>	<u>(945,205)</u>
Total change in net assets	<u>(74,599)</u>	<u>4,753,591</u>	<u>4,678,992</u>	<u>2,817,637</u>	<u>2,022,025</u>	<u>4,839,662</u>
Net assets at beginning of year	<u>19,337,052</u>	<u>25,770,990</u>	<u>45,108,042</u>	<u>16,519,415</u>	<u>23,748,965</u>	<u>40,268,380</u>
Net assets at end of year	<u>\$ 19,262,453</u>	<u>\$ 30,524,581</u>	<u>\$ 49,787,034</u>	<u>\$ 19,337,052</u>	<u>\$ 25,770,990</u>	<u>\$ 45,108,042</u>

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

PLAN INTERNATIONAL USA, INC.
Statement of Functional Expenses

For the Year Ended June 30, 2021
With Summarized Financial Information for the Year Ended June 30, 2020

Natural Expense Classifications	Program Expenses				Operating Expenses			Total Expenses	
	Program and Technical Support	Building Relationships	Development Education & Advocacy	Total Program Expenses	Fundraising	Management and General	Total Operating Expenses	2021	2020
Program Support to Plan International, Inc.	\$ 33,691,789	\$ -	\$ -	\$ 33,691,789	\$ -	\$ -	\$ -	\$ 33,691,789	\$ 32,994,318
Gifts-in-kind	-	-	3,430,927	3,430,927	61,617	-	61,617	3,492,544	2,121,305
Salary and Salary Related	5,172,499	517,368	1,294,442	6,984,309	1,809,440	7,254,379	9,063,819	16,048,128	16,187,622
Marketing and Media	-	20,000	67,440	87,440	2,546,126	-	2,546,126	2,633,566	2,301,517
Supplies, Postage, and Printing	7,225	371,262	126,394	504,881	401,297	128,441	529,738	1,034,619	1,157,632
Professional & Consulting Fees	2,316,722	9,291	532,928	2,858,941	373,152	553,607	926,759	3,785,700	3,271,214
Occupancy, Repairs, Maintenance, and Service	629,781	54,683	109,674	794,138	260,514	881,413	1,141,927	1,936,065	2,078,115
Other	66,756	3,985	125,064	195,805	38,959	542,064	581,023	776,828	1,854,951
Depreciation and Amortization	77,363	25,564	17,378	120,305	40,628	135,451	176,079	296,384	266,813
Total Expenses	\$ 41,962,135	\$ 1,002,153	\$ 5,704,247	\$ 48,668,535	\$ 5,531,733	\$ 9,495,355	\$ 15,027,088	\$ 63,695,623	\$ 62,233,487
Total 2020	\$ 41,098,172	\$ 909,284	\$ 3,848,072	\$ 45,855,528	\$ 4,678,149	\$ 11,699,810	\$ 16,377,959		

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

PLAN INTERNATIONAL USA, INC.
Statement of Functional Expenses

For the Year Ended June 30, 2020

Natural Expense Classifications	Program Expenses				Operating Expenses			Total Expenses
	Program and Technical Support	Building Relationships	Development Education & Advocacy	Total Program Expenses	Fundraising	Management and General	Total Operating Expenses	2020
Program Support to Plan International, Inc.	\$ 32,994,318	\$ -	\$ -	\$ 32,994,318	\$ -	\$ -	\$ -	\$ 32,994,318
Gifts-in-kind	138,647	-	1,982,658	2,121,305	-	-	-	2,121,305
Salary and Salary Related	4,791,524	430,473	987,717	6,209,714	1,164,159	8,813,749	9,977,908	16,187,622
Marketing and Media	-	-	25,819	25,819	2,271,306	4,392	2,275,698	2,301,517
Supplies, Postage, and Printing	30,116	365,773	117,724	513,613	532,731	111,288	644,019	1,157,632
Professional & Consulting Fees	1,771,849	8,010	435,418	2,215,277	298,933	757,004	1,055,937	3,271,214
Occupancy, Repairs, Maintenance, and Service	708,792	63,410	82,215	854,417	233,191	990,507	1,223,698	2,078,115
Travel	490,791	306	70,089	561,186	120,389	269,950	390,339	951,525
Other	112,190	16,543	132,854	261,587	24,874	616,965	641,839	903,426
Depreciation of Equipment & Building	59,945	24,769	13,578	98,292	32,566	135,955	168,521	266,813
Total Expenses	\$ 41,098,172	\$ 909,284	\$ 3,848,072	\$ 45,855,528	\$ 4,678,149	\$ 11,699,810	\$ 16,377,959	\$ 62,233,487

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

PLAN INTERNATIONAL USA, INC.
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 4,678,992	\$ 4,839,662
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	296,384	266,813
Receipt of contributed securities	(248,134)	(148,062)
Receipt of endowment funds	(63,684)	(100,774)
Net gain on sales of investments	(565,790)	(82,876)
(Increase) in unrealized appreciation on investments	(2,476,811)	(592,308)
(Increase) decrease in:		
Grants receivable	(4,879,540)	3,535,797
Bequests and pledges receivable	(3,084,774)	1,016,407
Other assets	(53,595)	27,996
Decrease in right of use asset and lease liability	338,032	802,377
(Decrease) increase in:		
Accounts payable and other liabilities	(165,738)	193,703
Due to Plan International, Inc.	2,553,632	(1,645,757)
Net cash (used in) provided by operating activities	<u>(3,671,026)</u>	<u>8,112,978</u>
<u>Cash flows from investing activities:</u>		
Purchases of investments	(3,075,036)	(3,824,107)
Proceeds from sales of investments	3,077,119	3,594,576
Purchases of fixed assets	(378,160)	(108,107)
Net cash used in investing activities	<u>(376,077)</u>	<u>(337,638)</u>
<u>Cash flows from financing activities:</u>		
Receipt of endowment funds	63,684	100,774
Net cash provided by financing activities	<u>63,684</u>	<u>100,774</u>
Net (decrease) increase in cash and cash equivalents	(3,983,419)	7,876,114
Cash and cash equivalents, beginning of year	<u>17,169,574</u>	<u>9,293,460</u>
Cash and cash equivalents, end of year	<u>\$ 13,186,155</u>	<u>\$ 17,169,574</u>
Supplemental cash flow information:		
Noncash contributions	\$ 3,740,678	\$ 2,269,367

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

PLAN INTERNATIONAL USA, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

Organization and purpose:

Plan International USA, Inc. ("Plan") is an independent, non-profit organization incorporated in the State of New York. It was founded in 1937 as Foster Parents' Plan for Spanish Children, Inc. for the purpose of seeking contributions to provide material aid and services to children, their families and communities. Plan is part of a global organization that advances children's rights and equality for girls while working with children, young people, their communities, our supporters, and partners to make change across more than 50 countries in Africa, Asia, and Latin America. Plan works to empower children, young people and communities to make vital changes that tackle the root causes of discrimination against girls, exclusion and vulnerability; to drive change in practice and policy at local, national and global levels through our reach, experience and knowledge of the realities children face; to prepare children and communities for and be able to respond to crises and to overcome adversity; and to support the safe and successful progression of children from birth to adulthood. Additionally, Plan assists sponsors in developing meaningful relationships with their sponsored children and families and conducts educational programs in the United States about the needs of the poor in developing countries. Plan is the United States member organization of Plan International, Inc. ("PII"). Other member organizations of PII are located in Australia, Belgium, Canada, Colombia, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Japan, the Republic of Korea, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom. Plan and the other member organizations participate with PII in the planning, design and decisions about the implementation of overseas programs that are currently administered in over fifty countries.

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting. All program and operating expenses are recognized as incurred.

Net assets:

Plan reports net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as either net assets without donor restrictions or net assets with donor restrictions.

Net assets without donor restrictions:

Net assets without donor restrictions are free of donor-imposed restrictions, but may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions:

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; Plan must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by re-classifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as an increase of net assets without donor restrictions.

Revenue Recognition:

Contributions (including but not limited to; sponsorships and appeals revenues) are recognized in revenue when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Federal, private and corporate contracts and grants may be conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Contributions received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by re-classifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as an increase of net assets without donor restrictions.

At June 30, 2021, conditional contributions approximating \$15,823,774 have not been recognized in the accompanying consolidated financial statements. The recognition of revenue will occur when the conditions are met.

On April 21, 2020, Plan received loan proceeds in the amount of \$2,441,075 under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Stability Act ("CARES Act"). The loan and accrued interest are forgivable after twenty-four weeks if the borrower uses loan proceeds for eligible expenses. Plan has determined to account for this loan as a conditional contribution, similar to other cost reimbursable U.S. government grants and record revenue as conditions are met by incurring qualified expenses. Plan recorded revenue of \$500,357 and \$1,940,718 at June 30, 2021 and 2020 respectively, on the statements of activities based on the amount of qualified expenses incurred. As of June 11, 2021, Plan was notified that the Small Business Administration approved Plan's forgiveness application and that the loan was paid in full on Plan's behalf.

Under the provisions of the CARES Act, Plan is eligible for a refundable employee retention credit subject to certain criteria. Plan determined to account for the credit as a conditional contribution, similar to other cost reimbursable U.S. government grants and record revenue as conditions are met by incurring qualified expenses. As of June 30, 2021, Plan recorded \$1,749,755 of revenue on the statements of activities based on the amount of qualified expenses incurred.

Functional Expenses:

The cost of providing the Plan's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Fringe benefits, paid time off, occupancy, information technology, and depreciation are

costs common to multiple functions and have been allocated using time-and-effort or square-footage, as applicable.

Cash and cash equivalents:

For purposes of the statements of financial position and the statements of cash flows, cash and cash equivalents are defined as cash on deposit, cash in overnight repurchase agreements, and interest-bearing money market accounts that are not restricted for endowment. The carrying amount approximates fair value due to the short-term nature of these instruments.

Contributed securities:

For the purpose of measuring the value of donations and the cost basis of contributed securities, the securities are stated at fair value on the date the gift was received.

Investments:

Plan reports all investments at fair value in the statements of financial position. Additionally, realized gains/losses and changes in unrealized appreciation/depreciation and investment income are recorded in the statements of activities as changes in net assets without donor restriction, unless their use is restricted by explicit donor-imposed stipulations or law, in which case they are reported as net assets with donor restrictions. Investments as of June 30, 2021 and 2020, respectively, are stated at fair value based on quoted prices in the active market.

In accordance with the guidance provided in the New York Prudent Management of Institutional Funds Act (NYPMIFA), Plan preserves the historical dollar value of donor-restricted (true) endowment funds, absent explicit donor direction to the contrary. As a result, Plan classifies as net assets with donor restrictions the original gift value of true endowments, plus any subsequent gifts and accumulations made in accordance with the directions of the applicable gift instruments.

Fair value of financial instruments:

The fair value of Plan's financial instruments approximates the carrying amount reported in the statements of financial position for cash and cash equivalents, receivables, bequests and pledges receivable, investments, split-interest agreements and payables.

Federal income taxes:

A favorable determination letter has been obtained from the Internal Revenue Service exempting the organization from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for taxes on the change in net assets has been recorded.

Land, building and equipment:

Land, building and equipment are stated at cost less accumulated depreciation (Note 7).

Depreciation is provided under the straight-line method over the estimated useful lives of the assets as follows:

Building and building improvements	5-50 years
Computer software	3-10 years
Equipment	3-5 years

When capital assets are disposed of, the asset and the associated accumulated depreciation are eliminated and any resulting gain or loss is reflected in the statements of activities.

Software costs are accounted for in accordance with guidance for internal-use software, which requires that certain costs related to developing or obtaining internal-use software should be capitalized. Additionally, costs incurred to develop and maintain the organization's website are accounted for in accordance with guidance for accounting for web site development costs.

Use of estimates:

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual results could differ from those estimates.

Building relationships and development education and advocacy:

Two integral components of the Plan mission are Building Relationships and Development Education and Advocacy. In connection with the child sponsorship program, Plan provides a link between individuals in the United States and the children and families in Plan's program countries which facilitates two-way communications between sponsors and their sponsored children. Through correspondence and the exchange of small non-monetary gifts, meaningful relationships can be developed and the understanding between different cultures can be enhanced. Additionally, sponsors are able to build enhanced relationships and understanding through the periodic receipt of newsletters; updated family profiles for their sponsored families; and field program reports relating to some of the programs which have been implemented in specific communities to help improve lives.

Within the United States, Development Education and Advocacy programs strive to enhance the public's understanding of the causes and conditions of poverty in developing countries and the role that PII can have in the development process. Additionally, Plan facilitates engagement through group meetings, development of school curriculum and through advocacy which reinforces the communications around poverty and community development in the developing world. Further, Plan's domestic youth programs include educational outreach, organized retreats and other special events and activities for youth participation which are designed to help young people in the United States develop a better understanding of the challenges faced by youth in the developing world.

Gifts-in-kind:

Gifts-in-kind are reported as contributions at their estimated fair value. During the fiscal years ended June 30, 2021 and 2020, respectively, Plan was a recipient of pro bono multi-platform media placement, professional services and clothing totaling \$3,492,544 and \$2,121,305 respectively, reported on the statements of activities. Corresponding expenses of \$3,492,544 and \$2,121,305 were reported on the statements of functional expenses.

Recent accounting pronouncements:

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers and in June 2018, the FASB issued ASU 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update should assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. ASU 2014-09 is effective for fiscal year 2021 and ASU 2018-

08 is effective for fiscal year 2020. Plan early adopted 2014-09 and adopted 2019-08 in fiscal year 2020 and the adoption did not have a material impact on its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the lessees' balance sheet and disclosing key information about leasing arrangements for leases classified as operating leases under the previous GAAP. Under this update, lessees should recognize a liability in the statements of financial position relating to future lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. This guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, with early adoption permitted. Plan adopted this standard in fiscal year 2020 and recorded a right-of-use asset and a lease liability on the balance sheet. See Note 8 for additional information.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): The guidance requires restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The standard is effective for fiscal years beginning after December 15, 2018. Plan adopted this standard in fiscal year 2020 and the adoption did not have a material impact on its financial statements.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments (Topic 825). The guidance requires equity investments to be measured at fair value on the balance sheet with changes in fair value recognized in net income. The standard is effective for fiscal years beginning after December 15, 2018. Plan adopted this standard in fiscal year 2020 prospectively and the effect of this change is reflected in net investment income on the statements of activities for the fiscal year 2020. Prior year presentation follows previous guidance and the change in fair value was recognized in nonoperating results.

Reclassification:

Certain prior year financial information has been reclassified to conform to the current year.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

Financial assets		
Cash and cash equivalents	\$	13,186,155
Grants receivable		12,776,878
Bequests and pledges receivable		8,959,061
Investments		23,203,780
Beneficial interest in trust		983,939
Total financial assets		<u>59,109,813</u>
Less accounts unavailable for general expenditures within one year, due to		
Restricted by donors with purpose or time restrictions		(14,611,094)
Restricted by donors for endowment		(15,913,487)
Designated by the board of directors		(12,319,088)
Total financial assets available to management for general expenditure within one year	\$	<u>16,266,144</u>

The above table reflects donor-restricted and board-designated endowment as unavailable. Plan's Board of Directors established a spending rate of up to 7% of the endowment fund's fair value, except for donor-restricted endowments where spending is based on donor stipulations. Note 11 provides more information about those funds.

Funds designated by the board of directors could be made available if necessary. Plan regularly monitors liquidity to meet its operating needs and commitments while maximizing the investment of available funds. In addition, Plan has a \$4,000,000 committed line of credit available to meet cash flow needs (Note 9).

NOTE 3 - RECEIVABLE:

Grants receivable:

During the fiscal years ended June 30, 2021 and 2020, respectively, Plan incurred \$22,252,103 and \$26,356,024 of reimbursable Federal grant expenses relating to awards from the United States Agency for International Development ("USAID"), the United States Department of State, the United States Department of Labor, other United States government agencies, and as a sub recipient from other organizations that received Federal funds. Unreimbursed, but eligible expenses of \$12,776,878 and \$7,897,338 at June 30, 2021 and 2020, respectively, are recorded as grants receivable in the accompanying statements of financial position.

Bequests and pledges receivable:

At June 30, 2021 Plan had bequests and pledges receivable as follows:

Less than one year	\$ 3,489,131
One to five years	5,469,930
Total bequests and pledges receivable	<u>\$ 8,959,061</u>

NOTE 4 - INVESTMENTS:

Investments are composed of the following as of:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$18,979,419	\$23,012,996	\$ 18,138,771	\$19,693,115
Money market funds	129,029	129,029	143,661	143,661
Stocks/other	51,955	51,655	39,061	41,184
Government sponsored securities	10,100	10,100	37,168	37,168
Totals	<u>\$19,170,503</u>	<u>\$23,203,780</u>	<u>\$ 18,358,661</u>	<u>\$19,915,128</u>

Net investment income for the fiscal years ended June 30, 2021 and 2020, respectively, is included in total public support and revenue on the accompanying statements of activities and is composed of the following for the years ended:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Interest and dividends	\$ 387,986	\$ 481,195
Net gain on sales of investments	565,790	82,876
Unrealized gain on investments	2,476,811	592,308
Total investment income	<u>\$ 3,430,587</u>	<u>\$ 1,156,379</u>

NOTE 5 - SPLIT-INTEREST AGREEMENTS:

Plan is a party to various types of split-interest agreements. Charitable gift annuities (“CGAs”) are arrangements whereby a donor contributes assets in exchange for a promise from Plan to pay the donor a fixed amount for a specified period of time. Assets received are recognized at fair value, and an annuity payment liability is recognized at the present value of the future cash flows expected to be paid. Contribution without donor restrictions is recognized as the difference between these two amounts. To calculate the present value of the CGAs, the 1994 Group Annuity Mortality Tables and the actual rates in each annuity agreement were used. The value of CGAs of \$738,891 and \$697,115 at June 30, 2021 and 2020, respectively, is included in investments on the accompanying statements of financial position. The related liabilities of \$323,876 and \$337,661 at June 30, 2021 and 2020, respectively, are included in obligation under split-interest agreements on the accompanying statements of financial position.

A beneficial interest in a perpetual trust is an arrangement in which a donor establishes and funds a perpetual trust for the benefit of one or more non-profit beneficiaries. The assets are administered and managed by an independent third-party. Under the terms of these arrangements, Plan has the irrevocable right to receive the investment income earned on the trust assets in perpetuity. The value of these perpetual trusts of \$528,459 and \$439,908 at June 30, 2021 and 2020, respectively, is included in beneficial interest in perpetual trusts on the accompanying statements of financial position.

Additionally, there are various trusts that have several different varieties and terms. With regard to these trusts under which Plan is a beneficiary, the assets are administered and managed by an independent third-party. The value of such trusts of \$455,480 and \$420,789 at June 30, 2021 and 2020, respectively, is included in contributions receivable from charitable trusts on the accompanying statements of financial position.

NOTE 6 - FAIR VALUE MEASUREMENTS:

Plan establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest level of priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this standard are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement; however, the determination of what constitutes “observable” requires significant judgment by Plan.

Plan considers observable data to be that market data which is readily available; regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Plan's perceived risk of that instrument. Plan uses prices and inputs that are current as of the measurement date.

The availability of observable inputs can vary from product to product and is affected by many factors, including for example, the type of product, whether the product 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.

Accordingly, the degree of judgment exercised by Plan in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

In determining an instrument's placement within the hierarchy, Plan separates the investment portfolio into the following categories: mutual funds, government sponsored securities, stocks, split-interest agreements and cash equivalents.

Mutual funds: Mutual funds include investments in common stock. Plan's actively traded mutual funds are listed on a national exchange. Therefore, they are valued at the last price quoted by the exchange and are categorized as Level 1.

Government sponsored securities: Government sponsored securities include investments in various U.S. Treasury instruments (such as mortgage-backed securities and asset-backed securities, and bank debt). Government sponsored securities are based upon market price quotations and are categorized as Level 1.

Cash equivalents: Cash equivalents principally include shares owned in money market funds and are categorized as Level 1.

Stocks: The fair values of publicly traded fixed income and equity securities are based on quoted market prices and are generally categorized as Level 1. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sales price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof).

Split-interest agreements: Investments for split-interest agreements primarily consist of Charitable Gift Annuities, Irrevocable Charitable Remainder Unitrusts ("CRUTs"), Pooled Income Funds, Charitable Lead Trust, and Perpetual Trusts. Investments are fair valued using the present value of future commitments. These amounts include equities and fixed income investments. Associated liabilities are recorded, and fair valued, each reporting period. The liabilities are fair valued using a discounted cash approach, which is consistent with the exit value Plan would pay to relieve its liability at year-end.

The following table presents the financial instruments carried on the statements of financial position as of June 30, 2021:

Assets and Liabilities at Fair Value as of June 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	Quoted Prices	Other Significant Observable Inputs	Significant Unobservable Inputs	
<u>Cash equivalents</u>				
Money Market Funds	\$ 8,580	\$ -	\$ -	\$ 8,580
Total Cash Equivalents	<u>\$ 8,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,580</u>
<u>Investments</u>				
Money Market Funds	\$ 129,029	\$ -	\$ -	\$ 129,029
Mutual Funds	22,274,806	-	-	22,274,806
Stocks/other	51,655	-	-	51,655
Total Investments	<u>\$ 22,455,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,455,490</u>
<u>Organizational interest in trusts</u>				
Contributions receivable from charitable remainder trusts	\$ -	\$ -	\$ 404,890	\$ 404,890
Contributions receivable from charitable lead trusts	-	-	50,590	50,590
Beneficial interest in perpetual trusts	-	-	528,459	528,459
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 983,939</u>	<u>\$ 983,939</u>
<u>Assets of charitable gift annuities and pooled income fund</u>				
Mutual Funds	\$ 738,190	\$ -	\$ -	\$ 738,190
Money Market Funds	10,100	-	-	10,100
Total Assets of CGA and PIF	<u>\$ 748,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,290</u>
<u>Liabilities of charitable gift annuities and pooled income fund</u>				
CGA and PIF	\$ -	\$ -	\$ 324,977	\$ 324,977
Total Liabilities of CGA and PIF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,977</u>	<u>\$ 324,977</u>

The following table presents the financial instruments carried on the statements of financial position as of June 30, 2020:

Assets and Liabilities at Fair Value as of June 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>Quoted</u>	<u>Other</u>	<u>Significant</u>	
	<u>Prices</u>	<u>Significant</u>	<u>Unobservable</u>	
		<u>Observable</u>	<u>Inputs</u>	
		<u>Inputs</u>	<u>Inputs</u>	
<u>Cash equivalents</u>				
Money Market Funds	\$ 19,785	\$ -	\$ -	\$ 19,785
Total Cash Equivalents	<u>\$ 19,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,785</u>
<u>Investments</u>				
Money Market Funds	\$ 143,661	\$ -	\$ -	\$ 143,661
Mutual Funds	19,023,767	-	-	19,023,767
Stocks/other	41,184	-	-	41,184
Total Investments	<u>\$ 19,208,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,208,612</u>
<u>Organizational interest in trusts</u>				
Contributions receivable from charitable remainder trusts	\$ -	\$ -	\$ 344,903	\$ 344,903
Contributions receivable from charitable lead trusts	-	-	75,886	75,886
Beneficial interest in perpetual trusts	-	-	439,908	439,908
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860,697</u>	<u>\$ 860,697</u>
<u>Assets of charitable gift annuities and pooled income fund</u>				
Mutual Funds	\$ 669,348	\$ -	\$ -	\$ 669,348
Money Market Funds	37,168	-	-	37,168
Total Assets of CGA and PIF	<u>\$ 706,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 706,516</u>
<u>Liabilities of charitable gift annuities and pooled income fund</u>				
CGA and PIF	\$ -	\$ -	\$ 339,266	\$ 339,266
Total Liabilities of CGA and PIF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,266</u>	<u>\$ 339,266</u>

The following table includes a roll forward of the amounts for the twelve months ended June 30, 2021 for financial instruments classified within Level 3:

	<u>Level 3 Assets and Liabilities at Fair Value</u>	
	Split Interest Agreements	
	Interest in trusts Assets	CGAs/PIFs Liabilities
Balance as of June 30, 2020	\$ 860,697	\$ 339,266
Additions	-	-
Disbursements	(46,276)	(55,015)
Net investment income	109,532	-
Change in actuarial calculation	59,986	40,726
Balance as of June 30, 2021	<u>\$ 983,939</u>	<u>\$ 324,977</u>

The following table includes a roll forward of the amounts for the twelve months ended June 30, 2020 for financial instruments classified within Level 3:

	<u>Level 3 Assets and Liabilities at Fair Value</u>	
	Split Interest Agreements	
	Interest in trusts Assets	CGAs/PIFs Liabilities
Balance as of June 30, 2019	\$ 917,633	\$ 351,238
Additions	-	-
Disbursements	(41,041)	(55,256)
Net investment income	11,356	-
Change in actuarial calculation	(27,251)	43,284
Balance as of June 30, 2020	<u>\$ 860,697</u>	<u>\$ 339,266</u>

NOTE 7 - LAND, BUILDING AND EQUIPMENT:

Land, building and equipment is composed of the following:

	June 30, 2021	June 30, 2020
Land	\$ 184,588	\$ 184,588
Building and building improvements	3,212,017	3,212,017
Computer software	1,634,074	1,600,238
Equipment	1,011,974	978,212
Leasehold Improvements	721,911	677,004
Work in progress	342,880	77,223
Subtotal	7,107,444	6,729,282
Less: accumulated depreciation	(5,353,494)	(5,057,108)
Total	<u>\$ 1,753,950</u>	<u>\$ 1,672,174</u>

NOTE 8 – OBLIGATIONS UNDER LEASES:

Plan has entered into various lease agreements for certain office space. Rent expense under such agreements was \$826,157 and \$846,529 for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021, the future minimum rental commitments under such lease agreements are as follows:

Year Ending June 30,	
2022	\$ 887,516
2023	909,704
2024	932,447
2025	955,758
2026	979,653
After 2027	<u>6,796,005</u>
Total Minimum Payments	<u>\$ 11,461,083</u>

On January 28, 2019, Plan signed a 13-year lease for office space in Washington D.C. that commenced on November 1, 2019. Under the terms of the lease, Plan has the option to extend the lease for an additional 5-year period at the prevailing fair market rental rate. Upon commencement of the lease, Plan recorded a \$9,740,505 right-of-use asset and a \$10,346,536 operating lease liability on the statements of financial position. Plan elected to use a risk-free rate as the discount rate in calculating the right-of-use asset and lease liability. Non-lease components and lease components are accounted for as a single lease component. Operating leases with a term of 12 months or less are not recorded on the statements of financial position.

NOTE 9 – LINE OF CREDIT:

Plan has a \$4,000,000 revolving line of credit agreement. Under the terms of the agreement, the interest on the outstanding balance is the greater of the LIBOR daily floating rate plus 2.5% or 3.75%. The principal balance can be prepaid in full or in part at any time without incurring a prepayment fee or premium, and is payable in full on the expiration date. The facility is secured by all personal property owned by Plan and contains certain restrictive covenants.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Time restricted for sponsorship	\$ 1,826,499	\$ 1,815,152
Purpose restricted for grants & community projects	11,844,260	10,091,879
Unappropriated endowment income	6,453,748	3,676,121
Charitable remainder trusts and pooled income fund agreements	411,876	351,875
Endowment funds	9,459,739	9,396,055
Perpetual trusts	528,459	439,908
	<u>\$ 30,524,581</u>	<u>\$ 25,770,990</u>

Net assets were released for the following purposes:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Designated project funds disbursed on specified project or purpose	\$ 7,337,283	\$ 7,169,928
Release of time restricted sponsorship funds	1,163,823	1,202,752
Appropriation of endowment fund earnings	107,381	105,635
	<u>\$ 8,608,487</u>	<u>\$ 8,478,315</u>

NOTE 11 - ENDOWMENTS:

Plan's endowment consists of 278 individual funds established primarily for unrestricted purposes. The endowment includes both donor restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles in the United States, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Plan's management has interpreted the State of New York's enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the historic dollar value of donor-restricted endowment funds (absent explicit donor stipulations to the contrary). The term historic dollar value is defined as the aggregate fair value in dollars of (i) an endowment fund at the time it became an endowment, (ii) each subsequent donation to the fund at the time it is made, and (iii) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. As a result of this interpretation, Plan classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) appreciation (depreciation), gains (losses) and income earned on the fund. There were \$15,913,487 and \$13,072,176 of net assets with donor restrictions related to Plan's endowment funds at June 30, 2021 and 2020, respectively.

Management further understands that expenditures from a donor-restricted fund are limited to the uses and purposes for which the endowment fund is established and the use of net appreciation, realized gains (with respect to all assets) and unrealized gains (with respect only to readily marketable assets) is limited to the extent that the fair value of a donor-restricted fund exceeds the historic dollar value of the fund (unless the applicable gift instrument indicates that net appreciation shall not be expended), and to the extent that such expenditure is prudent, considering the long and short term needs of Plan in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

Plan's Board of Directors established a spending rate of up to 7% of the endowment fund's fair value, except for donor-restricted endowments where spending is based on donor stipulations. This spending policy is consistent with Plan's objectives to maintain the purchasing power of the assets through long-term returns which provide for future growth of the endowment while also generating current income to support mission critical programs or operating expenses.

Plan, in compliance with NYPMIFA, notified available donors who had established endowments prior to June 30, 2011 of the new law, and offered these donors the option of requiring Plan to maintain historical dollar value for their endowment funds. For those donors who requested this option, Plan has designed procedures to ensure that the historical dollar value is maintained by

not expending the payout on any fund whose fair value is less than its historical dollar value (i.e., "underwater").

The activities relating to endowment net assets are displayed in the following table:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets as of June 30, 2020	\$ 1,871,500	\$ 13,072,176	\$ 14,943,676
Investment return:			
Investment income	105,345	751,964	857,309
Net change in unrealized appreciation	308,097	2,133,043	2,441,140
Total investment income	413,442	2,885,007	3,298,449
Contributions	-	63,684	63,684
Appropriation of endowment assets for expenditures	-	(107,380)	(107,380)
Net assets as of June 30, 2021	<u>\$ 2,284,942</u>	<u>\$ 15,913,487</u>	<u>\$ 18,198,429</u>

Donor-restricted endowment funds that can be used to support operations are invested in income-generating investment vehicles or, to the extent that historic dollar value is sustained, in investment vehicles that may generate appreciation while ensuring the preservation of capital. Funds that are restricted for a specific use by the donor or by law, or those that are board-designated, are invested in investment vehicles that afford opportunities for appreciation. In general, the endowment funds are invested for growth in funds that all have net asset values that are available daily and which meet certain quality criteria.

Plan's endowments consisted of the following net asset composition by type of fund as of June 30, 2021 and 2020, respectively:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals as of June 30, 2021</u>
Donor-restricted endowment funds	\$ -	\$ 15,913,487	\$ 15,913,487
Board designated endowment funds	2,284,942	-	2,284,942
Total endowment funds	<u>\$ 2,284,942</u>	<u>\$ 15,913,487</u>	<u>\$ 18,198,429</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals as of June 30, 2020</u>
Donor-restricted endowment funds	\$ -	\$ 13,072,176	\$ 13,072,176
Board designated endowment funds	1,871,500	-	1,871,500
Total endowment funds	<u>\$ 1,871,500</u>	<u>\$ 13,072,176</u>	<u>\$ 14,943,676</u>

NOTE 12 - RELATED PARTY TRANSACTIONS:

For each fiscal year, Plan transmits to PII the net of total revenue recorded for the year plus amounts of revenue received in prior years that were restricted by the donors, but have been released from restriction in the current year minus the sum of (a) total operating expenses for the year, (b) amounts of revenue for the year that have been designated by donors and remain restricted at year-end and (c) amounts otherwise designated by the Board of Directors. These net amounts for the years ended June 30, 2021 and 2020 were \$33,691,789 and \$32,994,318 respectively, and are included in program and technical support expense on the accompanying statements of activities. These amounts, when combined with the amounts sent to PII by the other National Organizations, are the resources that are used by PII to fund the programmatic and other operating costs of its field operations and international headquarters. Due to certain timing differences, the amount of cash actually transmitted through the end of each fiscal year is not equal to the net amount discussed above, but prior to the year-end Plan provides PII with an unconditional promise to adjust the remittances to reflect the net amount discussed above on an accrual basis. The accompanying statements of financial position include a liability of \$8,181,868 and \$5,628,236 at June 30, 2021 and 2020, respectively, in relation to this unconditional promise.

NOTE 13 - RETIREMENT PLAN:

Plan offers a contributory, defined contribution retirement plan (“the plan”) for the benefit of all qualified employees. In order to be qualified for employer contributions, an employee must have completed one year of service, must have worked at least 1,000 hours per year and be at least 21 years of age. Plan makes contributions at designated percentages of earnings in accordance with the plan provisions. Employer contributions totaled \$943,201 and \$877,094 for the years ended June 30, 2021 and 2020, respectively.

NOTE 14 – COMMITMENTS & CONTINGENCIES:

Amounts received and expended by Plan under various federal programs are subject to audit by governmental agencies. In the opinion of Plan’s management, audit adjustments, if any, will not have a significant effect on the financial position, changes in net assets, or cash flows of Plan.

NOTE 15 – SUBSEQUENT EVENTS:

Plan has evaluated subsequent events through December 6, 2021, the date the report was available to be issued.

On July 26, 2021, Plan entered into a Purchase and Sale Agreement, (the “Purchase Agreement”) to sell the building and land located on 155 Plan Way, Warwick, RI 02886. The parties have made customary representations, warranties, covenants and agreements in the Purchase Agreement. The Purchase Agreement provides for an inspection period not to exceed 90 days with the closing date to be no later than 30 days after expiration of the inspection period. The transaction is expected to close in December of 2021 and is subject to certain closing conditions. However, there can be no assurance that the closing conditions will be satisfied. The Purchase Agreement also provides for the parties to enter into a continued occupancy agreement at closing pursuant to which the Buyer will allow Plan to stay in the building for up to 180 days, if needed, to secure new office space.