

FOCUS HUMANITARIAN
ASSISTANCE USA

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2021
(With Summarized Financial Information
for Year Ended December 31, 2020)



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FOCUS HUMANITARIAN ASSISTANCE USA
YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Focus Humanitarian Assistance USA

Auditors' Opinion

We have audited the accompanying financial statements of Focus Humanitarian Assistance USA ("FOCUS USA"), a District of Columbia nonprofit corporation, which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, statement of functional expenses, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FOCUS USA as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Auditors' Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FOCUS USA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about FOCUS USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives as auditors are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITORS' REPORT, *CONTINUATION*

In performing an audit in accordance with generally accepted auditing standards, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
3. Obtain an understanding of internal control relevant to the audit 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 FOCUS USA's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about FOCUS USA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited FOCUS USA's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bankole, Okoye & Associates PC

Bankole, Okoye & Associates PC
Certified Public Accountants and Business Advisors
Houston, Texas
June 25, 2022

FOCUS HUMANITARIAN ASSISTANCE USA

Statement of Financial Position

December 31, 2021

(With Summarized Comparative Financial Information as of December 31, 2020)

	<u>2021</u>	<u>2020</u>
Assets:		
<i>Current Assets:</i>		
Cash	\$ 6,864,946	\$ 5,732,781
Investments (Note 2 and 5)	2,366,047	2,578,821
Contributions Receivable, Net - Current (Note 3)	146,333	65,452
Grants Receivable (Note 4)	179,479	2,128,918
Other Receivables and Prepaid Expenses	10,935	24,072
Total Current Assets	9,567,740	10,530,044
<i>Non-Current Assets:</i>		
Investments (Note 2 and 5)	735,000	494,000
Contributions Receivable, Net - Non-Current (Note 3)	141,154	121,961
Total Assets	\$ 10,443,894	\$ 11,146,005
Liabilities and Net Assets:		
Liabilities:		
<i>Current Liabilities:</i>		
Accounts Payable and Accrued Liabilities	\$ 139,105	\$ 45,584
Humanitarian Grants Payable (Note 4)	687,177	479,627
Advance Grant Revenue	27,794	-
Total Current Liabilities	854,076	525,211
Total Liabilities	854,076	525,211
Net Assets without Donor Restrictions	9,589,818	10,620,794
Total Net Assets	9,589,818	10,620,794
Total Liabilities and Net Assets	\$ 10,443,894	\$ 11,146,005

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

FOCUS HUMANITARIAN ASSISTANCE USA

Statement of Activities

Year Ended December 31, 2021

(With Summarized Comparative Financial Information for the Year Ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue:				
Public Support and Other Revenue:				
Contributions	\$ 6,073,922	\$ -	\$ 6,073,922	\$ 4,050,837
In-kind Services and Program Support	-	219,200	219,200	227,373
Investment Income	18,142	-	18,142	51,709
Humanitarian Grants (Note 4)	2,260,767	-	2,260,767	1,917,391
Matching Gift	116,113	-	116,113	48,753
Total Public Support and Other Revenue	8,468,944	219,200	8,688,144	6,296,063
Net Assets Released from Restrictions:				
Satisfaction of Purpose Restrictions	219,200	(219,200)	-	-
Total Revenue	8,688,144	-	8,688,144	6,296,063
Expenses:				
Program Services:				
- Disaster Preparedness and Response (Domestic)	352,365	-	352,365	300,445
- Disaster Preparedness and Response (International)	6,106,145	-	6,106,145	2,167,353
- Humanitarian Assistance (International)	1,337,528	-	1,337,528	2,569,485
- Migration and Refugee Assistance (International)	1,600,154	-	1,600,154	665,746
Total Program Services Expenses	9,396,192	-	9,396,192	5,703,029
Fundraising	114,478	-	114,478	106,129
Administrative and General	208,450	-	208,450	187,885
Total Expenses	9,719,120	-	9,719,120	5,997,042
Change in Net Assets	(1,030,976)	-	(1,030,976)	299,021
Net Assets - Beginning of Year	10,620,794	-	10,620,794	10,321,773
Net Assets - End of Year	\$ 9,589,818	\$ -	\$ 9,589,818	\$ 10,620,794

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

FOCUS HUMANITARIAN ASSISTANCE USA

Statement of Functional Expenses

Year Ended December 31, 2021

(With Summarized Comparative Financial Information for the Year Ended December 31, 2020)

	2021					2020			Total Expenses	Total Expenses
	Program Activities				Total Program Activities	Supporting Activities		Total Supporting Activities		
	Disaster Preparedness and Response (Domestic)	Disaster Preparedness and Response (International)	Humanitarian Assistance (International)	Migration and Refugee Assistance (International)			Fundraising		Administrative and General	
Personnel Costs	\$ 94,913	\$ -	\$ -	\$ -	\$ 94,913	\$ 72,227	\$ 146,592	\$ 218,819	\$ 313,732	\$ 280,407
Grants to Other Organizations	-	6,106,145	1,337,528	1,600,154	9,043,827	-	-	-	9,043,827	5,406,274
Professional Fees and Consultants	-	-	-	-	-	-	38,832	38,832	38,832	17,988
General Office Expenses	1,408	-	-	-	1,408	18,704	10,381	29,085	30,493	19,134
Rent and Office Utilities	-	-	-	-	-	-	9,375	9,375	9,375	9,164
Printing and Media	24,095	-	-	-	24,095	15,251	-	15,251	39,346	12,323
Telephone and Communication	2,561	-	-	-	2,561	8,296	3,222	11,518	14,079	10,632
Travel	-	-	-	-	-	-	-	-	-	864
Materials, Equipment and Software	10,188	-	-	-	10,188	-	50	50	10,238	12,884
Inkind Expenses	219,200	-	-	-	219,200	-	-	-	219,200	227,373
Total	\$ 352,365	\$ 6,106,145	\$ 1,337,528	\$ 1,600,154	\$ 9,396,192	\$ 114,478	\$ 208,450	\$ 322,928	\$ 9,719,120	\$ 5,997,042
Total 2020	\$ 300,445	\$ 2,167,353	\$ 2,569,485	\$ 665,746	\$ 5,703,029	\$ 106,129	\$ 187,885	\$ 294,013	\$ 5,997,042	

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

FOCUS HUMANITARIAN ASSISTANCE USA

Statement of Cash Flows

Year Ended December 31, 2021

(With Summarized Comparative Financial Information for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (1,030,976)	\$ 299,021
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities:		
Changes in Assets and Liabilities:		
Contributions Receivable, Net	(100,074)	106,654
Other Receivables and Prepaid Expenses	13,137	18,695
Grants Receivable	1,949,439	(2,128,918)
Advance Grant Receipts	27,794	-
Accounts Payable and Accrued Liabilities	93,521	11,553
Humanitarian Grants Payable	207,550	(308,765)
Total Adjustments	2,191,367	(2,300,781)
Net Cash Provided by/(Used in) Operating Activities	1,160,391	(2,001,760)
Cash Flows From Investing Activities:		
Proceeds from Sales of Investments	-	1,468,245
Payments to Purchase Investments	(28,226)	-
Net Cash (Used in)/Provided by Investing Activities	(28,226)	1,468,245
Net Increase/(Decrease) in Cash	1,132,165	(533,515)
Cash - Beginning of Year	5,732,781	6,266,296
Cash - End of Year	\$ 6,864,946	\$ 5,732,781

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

FOCUS HUMANITARIAN ASSISTANCE USA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(With Summarized Comparative Information for Year Ended December 31, 2020)

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Focus Humanitarian Assistance, USA. (“FOCUS USA” or the “Organization”) is a nonprofit corporation organized under the laws of the District of Columbia and exempt from U.S. federal income taxes under Section 501(c) (3) of the Internal Revenue Code and is not a private foundation.

Focus Humanitarian Assistance (“FOCUS”) is an international group of agencies established in Europe, North America to complement the provision of emergency relief, principally in the developing world. It helps people in need reduce their dependence on humanitarian aid and facilitates their transition to sustainable self-reliant, long-term development. Focus Humanitarian Assistance is affiliated with the Aga Khan Development Network (“AKDN”), a group of institutions working to improve opportunities and living conditions, for people of all faiths and origins, in specific regions of the developing world. Underlying the establishment of FOCUS by the Ismaili Muslim community is a history of successful initiatives to assist people struck by natural and man-made disasters in South and Central Asia, and Africa.

The Organization is funded primarily through individual and corporate contributions.

Basis of Accounting

The accompanying financial statements of FOCUS USA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted for nonprofit organizations in the United States of America. These financial statements reflect all significant assets and liability as of December 31, 2021, as well as all revenues earned and expenses incurred by the Organization for the year then ended. Under the accrual method, revenues are recorded in the period earned and when the amount and timing of the revenue can be reasonably determined. Expenses and asset additions are recognized at the time a liability arises which is normally at the time title passes to, or a service is received by, the Organization.

The Financial Accounting Standards Board (FASB) is the designated body for establishing standards of financial accounting that govern the preparation of financial reports by non-governmental entities, including nonprofit organizations, in the United States of America.

Financial Statement Presentation

FOCUS USA prepares its financial statements in accordance with the requirements of FASB’s Accounting Standards Codification (ASC) Topic 958-205, *Financial Statements of Nonprofit Organizations*, as updated. Net assets, revenues, and expenses are classified based on the existence or absence of donor/contractually imposed restrictions. Accordingly, the Organization has reported information regarding its financial position and activities according to the following two classes of net assets, as applicable:

1. *Net Assets without Donor/External Restrictions* – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization.
2. *Net Assets with Donor/External Restrictions* – These are resources that are subject to donor-imposed

FOCUS HUMANITARIAN ASSISTANCE USA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(With Summarized Comparative Information for Year Ended December 31, 2020)

stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This class of net assets also includes any resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon may be used by the Organization.

FASB ASC Topic 958-205, as updated, also requires that organizations present a statement of cash flows and an analysis of their expenses by both functional and natural classifications, as well as make enhanced disclosures about their liquidity and availability of resources. No resources were restricted as of December 31, 2021 or 2020.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates included in the financial statements relate primarily to the allowances for uncollectible contributions receivable. Actual results could differ from those estimates.

Revenue Recognition

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor restrictions. Contributions of pledges are recorded as revenue in the period the contribution or promise is received when an unconditional commitment is received and there is sufficient evidence in the form of verifiable documentation. When a restriction expires (that is when stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions receivable are stated at net of an allowance for doubtful accounts. Contributions to be received over multiple future years are discounted to the anticipated net present value of the future cash flows. These contributions are included as revenue on the Statement of Activities and as non-current assets on the Statement of Financial Position.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. FOCUS USA had no conditional promises to give as of December 31, 2021 and 2020.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as needed.

Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

Other revenues are recognized when cash is received.

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NOTES TO FINANCIAL STATEMENTS

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(With Summarized Comparative Information for Year Ended December 31, 2020)

Contributed Services and Donated Materials

Contributed services are reflected in the accompanying statements at their estimated fair values at the date of receipt to the extent that they create or enhance non-financial assets or require specialized skills, which if not provided by donation, would have to be purchased by FOCUS USA. Donated useful materials are recorded at their reasonably estimated fair value at the date of receipt. The contributed services and donated materials have been reported in the accompanying financial statements as revenue with an offsetting expense.

Approximately \$219,200 and \$227,373 have been reflected in the financial statements for in-kind services and materials utilized in various programs for the periods ended December 31, 2021 and 2020, respectively.

Cash and Cash Equivalents

FOCUS USA reports as cash and cash equivalents all monies in financial institutions and investments that are available for current use with maturity dates of less than three months from the date of acquisition. The Organization had no cash equivalents as of December 31, 2021 and 2020. Management believes that the carrying amounts reported for cash in the Statement of Financial Position approximate its fair value.

Investments

Investments in fixed income marketable securities with readily determinable fair values are reported at their fair values in the Statement of Financial Position. Realized and unrealized gains and losses are included in the net return on investments reported in the statement of activities. Investment returns are reported as an increase or decrease in net assets without donor restrictions unless their use is limited by donor-imposed restrictions.

Income Taxes

As an organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC), FOCUS USA is exempt from U.S. federal income taxes under Section 501(c)(3) of the IRC. Accordingly, no provision or liability for federal income taxes has been included in the accompanying financial statements. In addition, donations and contributions to the Organization are deductible for federal income tax purposes as provided in Section 170 of the IRC.

FOCUS USA evaluates its uncertain tax positions using the guidance for contingencies as contained in FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization is not aware of any uncertain tax positions that were not provided for in the accompanying financial statements.

The Organization annually files Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service. The Forms 990 for years 2018 through 2020 remain subject to review by the taxing authorities, generally for three years after they were filed.

FOCUS HUMANITARIAN ASSISTANCE USA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(With Summarized Comparative Information for Year Ended December 31, 2020)

Fair Value Measurements

In accordance with the provisions of FASB ASC Topic 820, *Fair Value Measurements*, the Organization makes fair value measurements and enhanced disclosures about fair value measurements. FASB ASC Topic 820 has established a framework for measuring fair value and expanding disclosures about fair value measurements for assets and liabilities. That framework 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 input) and the lowest priority to unobservable inputs (level 3 inputs). The three levels of the fair value hierarchy according to generally accepted accounting principles are as follows:

- Level 1: Valuations are based on quoted prices in active markets for identical investments. Accordingly, valuations of these securities do not entail a significant degree of judgment.
- Level 2: Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and determined through the use of models or other valuation methodologies.
- Level 3: Valuations are based on inputs that are unobservable and significant to the overall fair value measurement, and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

NOTE 2 - INVESTMENTS

Investments are recorded in the financial statements at fair value. As of December 31, 2021 and 2020, investments of FOCUS USA consisted of the following:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 1,274,047	\$ 1,057,821
Certificates of deposit, current	<u>1,092,000</u>	<u>1,521,000</u>
Total Current Investments	2,366,047	2,578,821
Certificates of deposit, non-current	<u>735,000</u>	<u>494,000</u>
Total Investments	<u>\$ 3,101,047</u>	<u>\$ 3,072,821</u>

The certificates of deposit are held at major financial institutions and have maturities within twelve to twenty-four months from the balance sheet date. Amounts that have maturities within twelve months as of the date of the Statement of Financial Position have been classified as current assets. Investments are exposed to custodial credit risks that are described in greater detail in Note 7.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(With Summarized Comparative Information for Year Ended December 31, 2020)

NOTE 3 - CONTRIBUTIONS RECEIVABLE

As of December 31, 2021 and 2020, FOCUS USA has received the following unconditional pledges:

	<u>2021</u>	<u>2020</u>
Jamati (Ismaili Community) donations	\$ 352,050	\$ 237,779
Less: unamortized present value discount	(11,782)	(7,178)
Less: allowance for uncollectible accounts	(52,780)	(43,188)
Net Contributions Receivable	<u>\$ 287,488</u>	<u>\$ 187,413</u>
 <i><u>Maturities of Contributions Receivable</u></i>		
Amount receivable in:		
Less than one year	\$ 146,333	\$ 65,453
One to five years	95,993	76,403
After five years	45,162	45,557
Total Contributions Receivable	<u>\$ 287,488</u>	<u>\$ 187,413</u>

The present value discount rate was 1.52% and 0.93% for 2021 and 2020, respectively. The discount rate used is based on U.S. Treasury (10 years) rates, which is our best estimate of a risk-free rate of return. The amounts due in less than one year are recorded at their net realizable value, in accordance with ASC Topic 958-605-30-6, *Unconditional Promise to Give*, which states that unconditional promises to give that are expected to be collected in less than one year may be measured at net realizable value because that amount results in a reasonable estimate of fair value. All other amounts are subject to discounting using the risk-free rate and are also subject to an allowance which we believe results in those amounts approximating their fair value.

The following are the changes in contributions receivable during the year:

	<u>2021</u>	<u>2020</u>
Contributions receivable, beginning of year	\$ 237,779	\$ 367,735
New pledges by donors, included in revenues for the year	342,451	182,195
Pledges collected in cash in the year	(228,081)	(293,476)
Adjustment for write-offs	(99)	(18,675)
Contributions receivable, end of year	352,050	237,779
Less: Present value discounts and allowances for uncollectible accounts	(64,562)	(50,366)
Contributions Receivable, Net	<u>\$ 287,488</u>	<u>\$ 187,413</u>

Contributions receivable are recorded at full value of the total unconditional pledges received from the donors. These receivables are billed for collection at periodic intervals (e.g., monthly, quarterly, yearly) in accordance with the terms of payment in the donors' original pledges or as subsequently agreed with the donors.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(With Summarized Comparative Information for Year Ended December 31, 2020)

NOTE 4 – RELATED PARTY TRANSACTIONS

FOCUS USA has long-term grant agreements with Aga Khan Development Network agencies and affiliates: Aga Khan Foundation USA, Aga Khan Agency for Habitat Geneva, Focus Humanitarian Assistance Europe Foundation, Focus Humanitarian Assistance Canada, and Diamond Jubilee Trust India. All of these Aga Khan Development Network agencies and affiliates have common missions. Based on these grant agreements, during 2021 and 2020, FOCUS USA made humanitarian grants to these charitable organizations as follows:

	<u>2021</u>	<u>2020</u>
Focus Humanitarian Assistance Europe Foundation	\$ 2,034,993	\$ 617,168
Focus Humanitarian Assistance Canada	2,008,685	600,673
Aga Khan Agency for Habitat Geneva	4,195,531	3,205,744
Diamond Jubilee Trust India	724,399	979,000
Other	80,219	3,690
Total	<u>\$ 9,043,827</u>	<u>\$ 5,406,275</u>

Grants received from related-party organizations were as follows:

	<u>2021</u>	<u>2020</u>
Focus Humanitarian Assistance Canada	\$ 1,586,975	\$ 317,391
Focus Humanitarian Assistance Europe Foundation	673,792	-
Aga Khan Foundation USA	-	1,600,000
Total	<u>\$ 2,260,767</u>	<u>\$ 1,917,391</u>

As of December 31, 2021, FOCUS USA has the following grants receivable from related-party organizations:

	<u>2021</u>	<u>2020</u>
Humanitarian Grants Receivable:		
Focus Humanitarian Assistance Europe Foundation	\$ 151,685	\$ 337,213
Aga Khan Foundation USA	-	1,600,000
Diamond Jubilee Trust India	27,794	191,705
Total	<u>\$ 179,479</u>	<u>\$ 2,128,918</u>

As of December 31, 2021 and 2020, FOCUS USA has the following grants payable to related-party organizations:

	<u>2021</u>	<u>2020</u>
Humanitarian Grants Payable:		
Aga Khan Foundation USA	\$ -	\$ 191,705
Focus Humanitarian Assistance Canada	687,177	287,922
Total	<u>\$ 687,177</u>	<u>\$ 479,627</u>

FOCUS HUMANITARIAN ASSISTANCE USA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(With Summarized Comparative Information for Year Ended December 31, 2020)

The Organization operates from an office located in Sugar Land, Texas. Currently there is no lease in place and the office space is being occupied rent free, with the exception of common area expenses. The common area expenses included in the financial statements for 2021 were \$6,439 and \$4,608 for 2020. The office is owned by a member organization of the Aga Khan Development Network.

NOTE 5 – FAIR VALUE MEASUREMENTS

The following table presents FOCUS USA’s assets that are included in fair value measurements at December 31, 2021 and 2020, within the fair value hierarchy.

	<u>2021</u>	<u>2020</u>
Investments:		
Level 1:		
Money market funds	\$ 1,274,047	\$ 1,057,821
Mid-term certificates of deposit	1,827,000	2,015,000
Total level 1	<u>3,101,047</u>	<u>3,072,821</u>
Total Investment	<u>\$ 3,101,047</u>	<u>\$ 3,072,821</u>

NOTE 6 - STATEMENT OF FUNCTIONAL EXPENSES AND METHODS USED TO ALLOCATE EXPENSES TO THE BENEFITTED PROGRAM AND/OR SUPPORT FUNCTIONS

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis (i.e., expenses have been classified according to the purpose for which they were incurred) in the statement of activities and the statement of functional expenses. Most expenses have been directly classified to a single function. Certain expenses that could not be so classified have been allocated among the programs and supporting services benefited. The primary functional classifications of the Organization’s uses of resources are *program services expenses*, *fundraising expenses*, and *administrative and general expenses*. Administrative and general expenses include those expenses that are not directly identifiable with the core functions but provide for the overall support and direction of the Organization. Fundraising expenses are costs incurred in connection with soliciting and raising funds from donors for the Organization’s programs and activities. The Organization’s core program activities are described in the statement of functional expenses.

Expenses that were allocated among the benefitted programs and supporting services include the following:

- Personnel costs are allocated based on estimates of time and effort; and
- General office expenses and telephone and communication expenses are allocated mostly between fundraising expenses and administrative and general expenses based on the combination of personnel costs and the area of space occupied by the personnel performing those support functions.

FOCUS HUMANITARIAN ASSISTANCE USA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(With Summarized Comparative Information for Year Ended December 31, 2020)

NOTE 7 - CONCENTRATION OF CREDIT RISKS

Financial instruments that are subject to concentrations of custodial credit risks consist of cash, grants receivable, and investments.

FOCUS USA maintains cash deposits in primarily financial institutions considered by management as credit-worthy and strong. The Federal Deposit Insurance Corporation insures cash balances in financial institutions up to \$250,000 per customer per bank. As of December 31, 2021 and 2020, the uninsured cash balances were \$6,507,208 and \$5,955,469, respectively. Management believes that any custodial credit risk related to cash deposits with financial institutions is low due to the overall financial strength of these financial institutions. The Organization did not experience any loss of assets resulting from a financial institution's custodial credit risk in 2021 or 2020.

As more fully disclosed in Note 4, grants receivable at December 31, 2021 were due from two related parties, and are considered fully collectible.

The Organization invested in fixed income marketable securities, including money market instruments and certificates of deposit described in Note 5. These investments valued at \$1,827,000 and \$2,015,000, excluding cash components of \$1,274,047 and \$1,057,821 at December 31, 2021 and 2020, respectively, were held by U.S. investment companies. The Securities Investor Protection Corporation (SIPC) insures each investor against custodial risks up to \$500,000 inclusive of a sublimit of \$250,000 for claims of cash. The Organization's securities were held by a SIPC-member entities. The Organization's investments in excess of SIPC insured limits were not otherwise insured.

NOTE 8 – FINANCIAL ASSET AVAILABILITY AND LIQUIDITY MANAGEMENT

As part of FOCUS USA's liquidity management, it invests cash in excess of monthly requirement in fixed income investment instruments. The Organization reasonably estimates its short term cash needs and is able to structure its financial assets' maturities to provide cash for its general expenditures, liabilities, and other obligations as they become due.

The following reflects FOCUS USA's financial assets that are available within one year of the balance sheet date, to meet cash needs:

	<u>2021</u>	<u>2020</u>
Cash	\$ 6,864,946	\$ 5,732,781
Investments	2,366,047	2,578,821
Contributions receivable	146,333	65,452
Total	<u>\$ 9,377,326</u>	<u>\$ 8,377,054</u>

None of the financial assets is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(With Summarized Comparative Information for Year Ended December 31, 2020)

addition, as part of its liquidity management, the Organization invests cash that is in excess of immediate requirements in various short-term investments, including certificate of deposits and short-term treasury instruments.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2022. This was the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, which would require adjustments to the financial statements.