CONSOLIDATED FINANCIAL STATEMENTS

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

CONTENTS

CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Invisible Children, Inc. and Subsidiaries
Washington, D.C.

We have audited the accompanying consolidated financial statements of Invisible Children, Inc. and Subsidiaries (collectively the Organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2019 and 2018, and the changes in their net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Gelman Rozenberg & Freedman

July 27, 2020

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 838,630	$ 642,188
Grants receivable	15,703	454,886
Accounts receivable	107,871	68,224
Prepaid expenses	110,288	69,661
Total current assets	1,072,492	1,234,959
FIXED ASSETS		
Fixed assets, net of accumulated depreciation and amortization of $327,686 and $274,750 in 2019 and 2018, respectively	268,176	251,452
OTHER ASSETS		
Security deposits	36,319	24,959
TOTAL ASSETS	**$ 1,376,987**	**$ 1,511,370**

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 376,385	$ 669,802
NET ASSETS		
Without donor restrictions	922,890	801,596
With donor restrictions	77,712	39,972
Total net assets	1,000,602	841,568
TOTAL LIABILITIES AND NET ASSETS	**$ 1,376,987**	**$ 1,511,370**

See accompanying notes to consolidated financial statements.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government grants	$ 5,467,846	$ -	$ 5,467,846
Foundation grants and partnerships	265,000	212,871	477,871
General donations	235,233	1,391	236,624
Program revenue	-	-	-
Other income	1,127	-	1,127
Contributed goods and services	13,322	-	13,322
Net assets released from donor restrictions	176,522	(176,522)	-
Total support and revenue	6,159,050	37,740	6,196,790
EXPENSES			
Program Services:			
Protection	4,681,614	-	4,681,614
Advocacy and Awareness	14,764	-	14,764
Total program services	4,696,378	-	4,696,378
Supporting Services:			
General and Administrative	1,237,323	-	1,237,323
Development	104,055	-	104,055
Total supporting services	1,341,378	-	1,341,378
Total expenses	6,037,756	-	6,037,756
Changes in net assets before other item	121,294	37,740	159,034
OTHER ITEM			
Transfer of net assets	-	-	-
Total changes in net assets	121,294	37,740	159,034
Net assets at beginning of year	801,596	39,972	841,568
NET ASSETS AT END OF YEAR	**$ 922,890**	**$ 77,712**	**$ 1,000,602**

2018		
Without Donor Restrictions	**With Donor Restrictions**	**Total**
$ 282,448	$ 150,000	$ 432,448
4,067,353	-	4,067,353
269,329	1,857	271,186
29,500	-	29,500
4,368	-	4,368
71,196	-	71,196
114,603	(114,603)	-
4,838,797	37,254	4,876,051
3,526,600	-	3,526,600
119,277	-	119,277
3,645,877	-	3,645,877
717,064	-	717,064
32,472	-	32,472
749,536	-	749,536
4,395,413	-	4,395,413
443,384	37,254	480,638
32,529	-	32,529
475,913	37,254	513,167
325,683	2,718	328,401
$ 801,596	**$ 39,972**	**$ 841,568**

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Supporting Services			
	Protection	**Advocacy and Awareness**	**Total Program Services**	**General and Administrative**	**Development**	**Total Supporting Services**	**Total Expenses**
Salaries and related costs	$ 1,936,579	$ 12,598	$ 1,949,177	$ 463,027	$ 69,085	$ 532,112	$ 2,481,289
Contractors	249,691	-	249,691	4,846	-	4,846	254,537
Professional services	300,875	-	300,875	321,822	8,800	330,622	631,497
Supplies and equipment	436,732	1,698	438,430	97,751	-	97,751	536,181
Subawards	649,118	-	649,118	-	-	-	649,118
Travel	608,967	445	609,412	65,343	14,122	79,465	688,877
Communications	9,273	-	9,273	14,534	5,551	20,085	29,358
Occupancy	69,563	-	69,563	141,508	-	141,508	211,071
Office expenses	304,729	-	304,729	39,019	1,556	40,575	345,304
Insurance, fees and licenses	63,151	23	63,174	89,473	4,941	94,414	157,588
Total expense before depreciation and amortization	4,628,678	14,764	4,643,442	1,237,323	104,055	1,341,378	5,984,820
Depreciation and amortization	52,936	-	52,936	-	-	-	52,936
TOTAL	**$ 4,681,614**	**$ 14,764**	**$ 4,696,378**	**$ 1,237,323**	**$ 104,055**	**$ 1,341,378**	**$ 6,037,756**

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services			Supporting Services			
	Protection	Advocacy and Awareness	Total Program Services	General and Administrative	Development	Total Supporting Services	Total Expenses
Salaries and related costs	$ 805,373	$ 45,687	$ 851,060	$ 305,219	$ 17,882	$ 323,101	$ 1,174,161
Contractors	432,827	-	432,827	-	-	-	432,827
Professional services	495,100	-	495,100	262,663	-	262,663	757,763
Supplies and equipment	762,706	3,223	765,929	17,282	86	17,368	783,297
Subawards	191,614	-	191,614	-	-	-	191,614
Travel	500,995	105	501,100	41,949	-	41,949	543,049
Communications	8,598	68,800	77,398	1,721	888	2,609	80,007
Occupancy	77,427	-	77,427	57,201	-	57,201	134,628
Office expenses	174,758	768	175,526	6,888	-	6,888	182,414
Insurance, fees and licenses	65,663	231	65,894	24,048	13,616	37,664	103,558
Total expense before depreciation and amortization	3,515,061	118,814	3,633,875	716,971	32,472	749,443	4,383,318
Depreciation and amortization	11,539	463	12,002	93	-	93	12,095
TOTAL	**$ 3,526,600**	**$ 119,277**	**$ 3,645,877**	**$ 717,064**	**$ 32,472**	**$ 749,536**	**$ 4,395,413**

See accompanying notes to consolidated financial statements.

INVISIBLE CHILDREN, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 159,034	$ 513,167
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	52,936	12,095
Loss on disposal of fixed assets	-	456
Decrease (increase) in:		
Grants receivable	439,183	(454,886)
Accounts receivable	(39,647)	(37,924)
Prepaid expenses	(40,627)	(56,813)
Security deposits	(11,360)	(18,542)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(293,417)	638,818
Deferred revenue	-	(29,500)
Net cash provided by operating activities	266,102	566,871
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(69,660)	(262,991)
Net cash used by investing activities	(69,660)	(262,991)
Net increase in cash and cash equivalents	196,442	303,880
Cash and cash equivalents at beginning of year	642,188	338,308
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 838,630**	**$ 642,188**

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Invisible Children, Inc. and Subsidiaries (collectively the Organization) includes Invisible Children, Inc., Invisible Children, Democratic Republic of Congo, and Invisible Children, Central African Republic. The three entities are commonly controlled; therefore, consolidated financial statements are presented.

The Organization was founded with the specific mission to end Africa's longest-running conflict, led by Joseph Kony and his Lord's Resistance Army (LRA). Since the Organization's founding, it has mobilized unprecedented international action to stop the LRA, helped reduce LRA killings by 93% and helped thousands of central African families become safer from violence through innovative protection programs.

In its more than ten years working hand-in-hand with communities affected by the LRA, the Organization has developed unparalleled experience, respected expertise, and a strong network of relationships with community leaders across central Africa. Today, the Organization has utilized this experience to expand the scope of its mission and programs to protect communities in central Africa from many daily threats to their safety, which still includes LRA violence.

The Organization's current programs work to ensure our world's most isolated and vulnerable communities are free from violence and exploitation by focusing on 1) protection through connecting people to each other and the outside world, the prevention of violence, and community resilience, and 2) the advancement of effective policies through mobilizing groups of people to support international efforts that make children and families safer and through ensuring that affected populations are able to advocate for the needs of their community.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. The ASU was adopted during the year ended June 30, 2019 and applied retrospectively. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions -** Grants and contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Principles of consolidation -

The accompanying consolidated financial statements include the accounts of the Organization pursuant to the criterion established by FASB ASC 958-810, *Not-for-Profit Entities*, *Consolidation*. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. All significant inter-company accounts and transactions have been eliminated in consolidation.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a limit of $250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Organization had $296,214 and $103,854, respectively, of cash and cash equivalents held in accounts in foreign countries at June 30, 2019 and 2018. The majority of these funds are uninsured.

Foreign currency translation -

The dollar ("Dollars") is the functional currency for the Organization's operations. Transactions in currencies other than U.S. Dollars are translated into Dollars at the rate of exchange in effect during the month of the transaction. Current assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the Consolidated Statements of Financial Position.

Grants and accounts receivable -

Grants and accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of $5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended June 30, 2019 and 2018 totaled $52,936 and $12,095, respectively.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statements of Activities and Changes in Net Assets, to its current fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Impairment of long-lived assets (continued) -

No impairments were recorded for the years ended June 30, 2019 and 2018.

Income taxes -

Invisible Children, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. The Organization is not a private foundation.

Invisible Children, Democratic Republic of Congo and Invisible Children, Central African Republic are registered charitable organizations under the laws and regulations of each respective country.

Uncertain tax positions -

For the years ended June 30, 2019 and 2018, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Grants and partnerships -

Grants and partnerships are recorded as revenue in the year notification is received from the donor. Grants and partnerships with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restriction in the accompanying consolidated financial statements.

The Organization receives funding under grants from the U.S. Government and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such awards are recorded as revenue "without donor restrictions" to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

Contributed goods and services -

Contributed goods and services consist mostly of donated advertising and legal services. Contributed goods and services are recorded at their fair value as of the date of the gift. The Organization received $13,322 and $71,196 of donated goods and services for the years ended June 30, 2019 and 2018, respectively, which benefited the Protection and Advocacy and Awareness programs.

In addition, volunteers have donated amounts of their time to the Organization; these donated services are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes.

Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of $801,596 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of $39,972 are now classified as "net assets with donor restrictions".

New accounting pronouncements not yet adopted -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made,* which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements not yet adopted (continued) -

The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The ASU is effective for fiscal years beginning after December 15, 2018.

The FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASUs at the respective required implementation dates.

2. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2019 and 2018:

	2019	2018
Computer equipment and software	$ 263,212	$ 263,212
Other equipment	30,548	12,463
Vehicles	302,102	250,527
Total fixed assets	595,862	526,202
Less: Accumulated depreciation and amortization	(327,686)	(274,750)
NET FIXED ASSETS	**$ 268,176**	**$ 251,452**

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019 and 2018:

	2019	2018
CONNECT	$ 71,305	$ -
Rainshine	6,407	-
Community Protection through Community Connection	-	38,397
Sister Angelique Partnership	-	1,575
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 77,712**	**$ 39,972**

3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor-imposed restrictions by incurring expenses or by the passage of time, which satisfied the restricted purposes specified by the donors:

	2019	2018
CONNECT	$ 78,695	$ -
CPOF	48,957	-
Community Protection through Community Connection	38,397	111,603
Travel and Learning	5,000	-
Sister Angelique Partnership	2,966	3,000
Rainshine	2,507	-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 176,522**	**$ 114,603**

4. JOINT COSTS

During the year ended June 30, 2019 and 2018, the Organization incurred joint costs of $34,420 and $70,017, respectively for web and communications activities which included an educational component. Joint costs were allocated as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Program Services:		
Communications	$ 27,803	$ 68,227
Web	2,700	1,322
Total program services	30,503	69,549
Supporting Services (Development):		
Communications	3,620	321
Web	297	147
Total supporting services	3,917	468
TOTAL EXPENSES	**$ 34,420**	**$ 70,017**

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

	2019	2018
Cash and cash equivalents	$ 838,630	$ 642,188
Grants receivable	15,703	454,886
Accounts receivable	107,871	68,224
Subtotal financial assets available within one year	962,204	1,165,298
Less: Donor restricted funds	(77,712)	(39,972)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 884,492**	**$ 1,125,326**

5. LIQUIDITY AND AVAILABILITY (Continued)

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2019 and 2018, the Organization had financial assets equal to approximately two and three months, respectively, of operating expenses.

6. LEASE COMMITMENTS

The Organization leases office space in Washington, D.C. on a month-to-month basis. The Organization also has various short-term and month-to-month lease agreements in foreign countries.

Occupancy expense, including other facility costs, for the years ended June 30, 2019 and 2018, totaled $211,071 and $134,628, respectively.

7. CONCENTRATION OF REVENUE

In October 2017, the Organization received notification of a significant award from the United States Agency for International Development (USAID). The period of performance of the award commenced on October 13, 2017 and terminates on October 12, 2022. The total award amount of $25,125,799 is obligated on a periodic basis. Additionally, the Organization received notification of an award from the United States Department of State (USDoS) in the amount of $445,960 for the period September 21, 2017 through March 31, 2019 (increased to $1,087,935 and extended through December 31, 2020).

The total unliquidated balance of the continuing award has not been recorded as revenue (and grants receivable) due to the the conditional nature of the agreement and its reimbursable terms. Upon satisfactory completion of the contributions required under such agreements, the Organization will recognize revenue in the year those conditions have been met.

Approximately 88% and 83%, respectively, of the Organization's revenue for the years ended June 30, 2019 and 2018, was derived from grants awarded by agencies of the United States government. The Organization has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

8. CONTINGENCY

The Organization receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2019. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

9. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 27, 2020, the date the consolidated financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.