

Financial Statements and Report of  
Independent Certified Public  
Accountants

**The HALO Trust (USA), Inc.**

March 31, 2024 (with summarized comparative  
information for March 31, 2023)

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
The HALO Trust (USA), Inc.

**Opinion**

We have audited the financial statements of The HALO Trust (USA), Inc. (HALO), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HALO as of March 31, 2024, and the changes in its 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 opinion**

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HALO and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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, that raise substantial doubt about HALO's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives 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 auditor's 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 US GAAS 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 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.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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.
- 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 HALO's internal control. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HALO'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 2023 summarized comparative information**

We have previously audited HALO's 2023 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2023. In our opinion, the accompanying summarized comparative information as of and for the year ended March 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Arlington, Virginia  
November 7, 2024

The HALO Trust (USA), Inc.

STATEMENTS OF FINANCIAL POSITION

March 31,

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,740,580	\$ 4,734,467
Certificates of deposit	16,443,631	4,020,985
Contribution receivables	5,753,778	367,562
Due from The HALO Trust (UK)	310	6,486
Deposits and prepaid expenses	8,891	26,658
Right-of-use assets, net	441,987	416,447
Total assets	<u>\$ 33,389,177</u>	<u>\$ 9,572,605</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 122,038	\$ 137,207
Lease liabilities	441,987	416,447
Total liabilities	564,025	553,654
<b>Net assets</b>		
Net assets without donor restrictions	8,632,930	8,614,172
Net assets with donor restrictions	24,192,222	404,779
Total net assets	<u>32,825,152</u>	<u>9,018,951</u>
Total program activities - overseas relief	<u>\$ 33,389,177</u>	<u>\$ 9,572,605</u>

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

The HALO Trust (USA), Inc.

STATEMENT OF ACTIVITIES

Year ended March 31, 2024  
(with summarized comparative information for March 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
<b>Revenues and support</b>				
Government grants:				
Subgranted to The HALO Trust (UK)	\$ -	\$ 62,762,307	\$ 62,762,307	\$ 51,110,565
Total government grants	-	62,762,307	62,762,307	51,110,565
Contributions	2,370,553	46,024,030	48,394,583	5,867,149
Contributed nonfinancial assets	1,929,666	-	1,929,666	608,880
Investment income	466,009	516,699	982,708	103,835
Total contributions and investment income	4,766,228	109,303,036	114,069,264	57,690,429
Net assets released from restriction for satisfaction of program activities	85,515,593	(85,515,593)	-	-
Total revenues and support	90,281,821	23,787,443	114,069,264	57,690,429
<b>Expenses</b>				
Program activities - overseas relief:				
Subgranted to The HALO Trust (UK)	85,793,274	-	85,793,274	55,641,761
Total program activities - overseas relief	85,793,274	-	85,793,274	55,641,761
Management and general	3,573,748	-	3,573,748	1,942,760
Fundraising	896,041	-	896,041	714,604
Total expenses	90,263,063	-	90,263,063	58,299,125
<b>CHANGE IN NET ASSETS</b>	18,758	23,787,443	23,806,201	(608,696)
<b>Net assets at beginning of year</b>	8,614,172	404,779	9,018,951	9,627,647
<b>Net assets at end of year</b>	\$ 8,632,930	\$ 24,192,222	\$ 32,825,152	\$ 9,018,951

The accompanying notes are an integral part of this financial statement.

The HALO Trust (USA), Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended March 31, 2024  
(with summarized comparative information for March 31, 2023)

	2024				2023
	Program Activities - Overseas Relief	Management and General	Fundraising	Totals	Totals
Salaries and benefits	\$ -	\$ 1,006,235	\$ 785,663	\$ 1,791,898	\$ 1,275,548
Office costs	-	1,687,068	62,210	1,749,278	665,127
Accommodation	-	80,014	-	80,014	80,463
Insurance	-	39,851	-	39,851	29,761
Professional fees	-	657,007	31,496	688,503	442,458
Travel	-	103,573	16,672	120,245	162,016
Depreciation	-	-	-	-	1,991
Subgranted to:					
The HALO Trust (UK)	85,793,274	-	-	85,793,274	55,641,761
Total expenses	<u>\$ 85,793,274</u>	<u>\$ 3,573,748</u>	<u>\$ 896,041</u>	<u>\$ 90,263,063</u>	<u>\$ 58,299,125</u>

The accompanying notes are an integral part of this financial statement.

**The HALO Trust (USA), Inc.**

**STATEMENTS OF CASH FLOWS**

**Years ended March 31,**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 23,806,201	\$ (608,696)
Adjustments necessary to reconcile net income to net cash provided by operating activities:		
Depreciation	-	1,991
Changes in operating assets and liabilities:		
Contribution receivables	(5,386,216)	655,923
Deposits and prepaid expenses	17,768	1,532
Accounts payable	(15,170)	29,340
Due to/from The HALO Trust (UK)	6,176	(7,450)
Net cash provided by operating activities	<u>18,428,759</u>	<u>72,640</u>
<b>Cash flows from investing activities:</b>		
Purchase of certificates of deposit	<u>(12,422,646)</u>	<u>(4,020,985)</u>
Net cash used in investing activities	<u>(12,422,646)</u>	<u>(4,020,985)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,006,113	(3,948,345)
<b>Cash and cash equivalents at beginning of year</b>	<u>4,734,467</u>	<u>8,682,812</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 10,740,580</u></u>	<u><u>\$ 4,734,467</u></u>

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



**The HALO Trust (USA), Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024 and 2023**

**NOTE 1 - DESCRIPTION OF ORGANIZATION**

The HALO Trust (USA), Inc. (HALO) is a not-for-profit corporation organized for the purpose of removal of the debris of war in various areas of the world. HALO is supported primarily from grants by the United States Department of State and other agencies. HALO also receives support from foundations, individuals and other organized charities.

HALO is allied with The HALO Trust (UK) (a UK registered not-for-profit entity) due to common management between the organizations. HALO and The HALO Trust (UK) have separate Boards of Trustees with no common majority voting interest. The HALO Trust (UK) provides management support, personnel and general support (Note 7).

HALO has a memorandum of understanding with The HALO Trust, a UK based non-profit organization, for the joint implementation of humanitarian mine action and weapon and ammunition management activities. HALO subgrants funds to The HALO Trust (UK) under professional services agreements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Cash and Cash Equivalents***

Cash includes deposit accounts domiciled in the United States of America (U.S.) and foreign countries. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

***Certificates of Deposit***

Certificates of deposit held for investment with an original maturity greater than three months are carried at amortized cost.

***Net Asset Classification***

Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

- *Net assets without donor restrictions* - Represent net assets that are available for use in carrying out the mission of HALO and are not subject to any donor-imposed stipulations.
- *Net assets with donor restrictions* - Represent net assets which are donor restricted for a specific purpose, or stipulated time restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a 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.

***Tax Status***

HALO follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more likely than not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2024 and 2023

HALO is exempt from federal income tax under Internal Revenue Code (the Code) Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. HALO has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. HALO has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Contribution Receivables**

Unconditional contributions, including cash, promises to give, and certain contributed services, gifts-in-kind and other assets are reported as revenue, at their estimated fair value, in the year in which they are received. Conditional contributions are recorded when the conditions on which they depend have been substantially met. In the absence of donor restrictions, all contributions are considered to be available for use without restriction. Unconditional contributions are recorded at their net realizable value.

Contributions receivable as of March 31, 2024 and 2023 are expected to be received as follows:

	2024	2023
Within one year	\$ 3,443,778	\$ 367,562
Between one and five years	2,310,000	-
Total contributions receivable	<u>\$ 5,753,778</u>	<u>\$ 367,562</u>

**Contributed Nonfinancial Assets**

Donations of services are recognized by HALO if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended March 31, 2024 and 2023, contributed nonfinancial assets, including donated services, recognized within the statements of activities consisted of the following:

Description	2024	2023	Utilization in Programs/ Services	Donor Restrictions	Valuation Techniques and Inputs
Legal	\$ 428,411	\$ 250,000	Professional services from attorneys advising on various administrative legal matters	No associated donor restrictions	Based on standard rates for services
Software	1,451,255	246,880	Utilized in program or supporting services	No associated donor restrictions	Based on current rates for similar software
Advertising	<u>50,000</u>	<u>112,000</u>	Advertising and Marketing services	No associated donor restrictions	Based on standard rates for services
Total	<u>\$ 1,929,666</u>	<u>\$ 608,880</u>			

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2024 and 2023

***Governmental, Operating, and Private Grants***

Governmental, operating, and private grants are considered to be contributions under the accounting principles generally accepted in the United States of America (U.S. GAAP). Typically, grant agreements contain a right of return or right of release from the respective obligation provision on the part of the grantor and HALO has limited discretion over how funds transferred should be spent. As such, HALO recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome. Unconditional grants are recognized as revenue when the respective agreements are executed.

As of March 31, 2024, HALO has \$114,069,264 in grant commitments for future program expenditures from U.S. government and other related grants.

***Allocation of Functional Expenses***

The cost of programs and supporting activities is summarized by their functional classification in the statement of activities and by their natural classification in the statement of functional expenses. Accordingly, certain costs such as salaries and benefits and office costs have been allocated among program activities and supporting services, as shown in the statement of functional expenses. Employee compensation costs are allocated based on estimates of time and effort, rent is allocated based on square footage, and office supplies are allocated based on estimated usage of specific items.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Prior Year Summarized Financial Information***

The financial statements include certain prior year summarized information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with HALO's financial statements for the year ended March 31, 2023, from which the summarized information is derived.

***Risk of Operating Outside the United States***

HALO is subject to the risks of doing business outside the United States, including, among other risks, foreign currency exchange rate risk, tax laws and political or labor disturbances.

**NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS**

At March 31, net assets released from donor restrictions for the satisfaction of program activities were as follows:

	2024	2023
Direct program activities	\$ 85,185,116	\$ 55,258,476
Released from contributions with donor restrictions to support fundraising expenses	330,477	343,253
Net assets released from restriction for satisfaction of program activities	<u>\$ 85,515,593</u>	<u>\$ 55,601,729</u>

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2024 and 2023

Net assets with donor restrictions are available for activities in the following locations at March 31:

	2024	2023
Global	\$ 45,680	\$ 14,755
Kosovo	2,911	36
Myanmar	340	340
Syria	29,596	818
Afghanistan	253	60
Nagorno Karabakh	2,990	208
Ukraine	24,106,554	343,562
USA	-	45,000
Cambodia	1,050	-
Columbia	1,000	-
Armenia	1,848	-
	<u>\$ 24,192,222</u>	<u>\$ 404,779</u>

**NOTE 4 - LIQUIDITY AND AVAILABILITY**

As of March 31, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses were as follows:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 10,740,580	\$ 4,734,467
Certificates of deposit	16,443,631	4,020,985
Contributions receivable within a year	3,443,778	367,562
Due from The HALO Trust (UK)	310	6,486
	<u>30,628,299</u>	<u>9,129,500</u>
Total financial assets available within one year		
	<u>(24,192,222)</u>	<u>(404,779)</u>
Less: Net assets with donor restrictions		
	<u>\$ 6,436,077</u>	<u>\$ 8,724,721</u>
Financial assets available to meet cash needs for general expenditures within one year		

**NOTE 5 - COMMITMENTS AND CONTINGENCIES**

***Lease Commitments***

HALO assesses contracts at inception to determine whether an arrangement includes a lease, which conveys HALO's right to control the use of an identified asset for a period of time in exchange for consideration. HALO measures its lease assets and liabilities using a risk-free rate of return selected based on the term of the lease. HALO considered the likelihood of exercising renewal or termination terms in measuring its right-of-use assets and lease liabilities. HALO's leases do not contain residual value guarantees. HALO recognized a right of use asset and a lease liability, initially measured at the present value of the lease payment for operating leases not classified as short-term leases. For operating leases, a single lease cost is calculated and allocated over the lease term on a straight-line basis.

**The HALO Trust (USA), Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**March 31, 2024 and 2023**

HALO occupies office facilities in Washington, D.C., under a lease agreement which expires in June 2028. HALO is also responsible for its pro-rata share of operating expenses and incremental adjustments including real estate taxes. These payments are variable, and therefore, are not included in the measurement of HALO's right-of-use asset or lease liability. Total lease cost relating to HALO's office facilities for the years ended March 31, 2024 and 2023 was \$80,014 and \$80,463, respectively.

HALO also leases a photocopier for the office facilities. The total photocopier lease cost for the years ended March 31, 2024 and 2023 was \$2,400 and \$3,095, respectively.

The maturity of the lease liability under HALO's operating leases as of March 31, 2024 is as follows:

Year Ending March 31,

2025	\$ 109,091
2026	113,358
2027	117,796
2028	120,012
Thereafter	<u>31,203</u>
	491,460
Less: present value discount	<u>(49,473)</u>
Total lease liability	<u><u>\$ 441,987</u></u>

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of the lease liabilities-operating cash flows	\$ 80,014	\$ 85,668
Weighted-average remaining lease term (months)	51	63
Weighted-average discount rate	4.34%	4.34%

On February 16, 2024, a new lease was executed, introducing an obligation for additional space to be utilized over the life of the current lease. The operating lease cost for the new lease is \$40,021 annually and escalated for the subsequent years by 4%.

Right-of-use assets obtained in exchange for lease obligations	\$ 114,118	\$ -
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**Contingencies**

Costs charged to the federal government under cost reimbursement grants and contracts are subject to government audit. Therefore, all such costs are subject to adjustment. Management believes that adjustments, if any, would not have a significant effect on the financial statements.

**The HALO Trust (USA), Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**March 31, 2024 and 2023**

**NOTE 6 - CONCENTRATIONS OF CREDIT RISK AND REVENUE**

Financial instruments, which potentially subject HALO to concentrations of credit risk, consist principally of cash and cash equivalents, certificates of deposit and accounts receivable. HALO maintains its cash and cash equivalents and certificates of deposit at various financial institutions in amounts which at times exceed the federally insured amounts. Cash and cash equivalents and certificates of deposit held at U.S. institutions exceeded the federally insured limits by \$26,708,476 at March 31, 2024. HALO also maintains bank and cash balances in various foreign site locations in institutions that may not carry insured limits. HALO held no cash in foreign accounts as of March 31, 2024. HALO has not had any losses related to any deposits. HALO believes that its exposure to these credit risks is limited.

For the years ended March 31, 2024 and 2023, HALO received approximately 55% and 89%, respectively, of its revenue from the U.S. Department of State and other federal agencies. HALO's continued support from these agencies is expected. One private donor contributed more than 10% of revenue for year ended March 31, 2024.

**NOTE 7 - RELATED PARTY TRANSACTIONS**

Expenses charged to HALO by The HALO Trust (UK) for general support for the years ended March 31, 2024 and 2023, totaled \$36,814 and \$110,011, respectively. For both of the years ended March 31, 2024 and 2023, The HALO Trust (UK) provided HALO with \$1,072,000, for costs directly associated with maintaining an operating presence in the USA.

HALO entered into various subgranting agreements with The HALO Trust (UK) for the joint implementation of the services described in the Statement of Objectives included in the U.S. Department of State Federal Assistance Award. For the years ended March 31, 2024 and 2023, HALO subgranted \$85,793,274 and \$55,641,761, respectively, to The HALO Trust (UK). Of the amounts subgranted to The HALO Trust (UK), \$62,762,307 and \$51,110,565, respectively, was federally funded and \$23,030,967 and \$4,531,196, respectively, was privately funded.

**NOTE 8 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events and transactions occurring through November 7, 2024, 2024, the date the financial statements were issued.

HALO is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.