

Financial Statements and Report of
Independent Certified Public
Accountants

The HALO Trust (USA), Inc.

March 31, 2025 (with summarized comparative
information for March 31, 2024)

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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, 2025, 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, 2025, 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 audit 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 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, that raise substantial doubt about HALO's ability to continue as a going concern for one year after the date the financial statements 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 2024 summarized comparative information

We have previously audited HALO's 2024 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2024. In our opinion, the accompanying summarized comparative information as of and for the year ended March 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

Arlington, Virginia
November 21, 2025

The HALO Trust (USA), Inc.

STATEMENTS OF FINANCIAL POSITION

March 31,

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 30,254,577	\$ 10,740,580
Certificates of deposit	-	16,443,631
Contribution receivables	2,320,000	5,753,778
Due from The HALO Trust (UK)	3,317	310
Deposits and prepaid expenses	24,941	8,891
Right-of-use assets	<u>493,663</u>	<u>441,987</u>
Total assets	<u><u>\$ 33,096,498</u></u>	<u><u>\$ 33,389,177</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 151,302	\$ 122,038
Lease liabilities	<u>493,663</u>	<u>441,987</u>
Total liabilities	<u>644,965</u>	<u>564,025</u>
Net assets		
Net assets without donor restrictions	6,782,423	8,632,930
Net assets with donor restrictions	<u>25,669,110</u>	<u>24,192,222</u>
Total net assets	<u>32,451,533</u>	<u>32,825,152</u>
Total liabilities and net assets	<u><u>\$ 33,096,498</u></u>	<u><u>\$ 33,389,177</u></u>

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

The HALO Trust (USA), Inc.

STATEMENT OF ACTIVITIES

Year ended March 31, 2025

(with summarized comparative information for March 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and support				
Government grants:				
Subgranted to The HALO Trust (UK)	\$ -	\$ 59,572,599	\$ 59,572,599	\$ 62,762,307
Total government grants	-	59,572,599	59,572,599	62,762,307
Contributions	2,651,812	33,789,675	36,441,487	48,394,583
Contributed nonfinancial assets	1,906,552	-	1,906,552	1,929,666
Investment income	290,972	962,622	1,253,594	982,708
	4,849,336	94,324,896	99,174,232	114,069,264
Net assets released from restriction for satisfaction of program activities	92,848,008	(92,848,008)	-	-
Total revenues and support	97,697,344	1,476,888	99,174,232	114,069,264
Expenses				
Program activities:				
Subgranted to The HALO Trust (UK)	94,340,108	-	94,340,108	85,793,274
Other	43,557	-	43,557	-
Total program activities	94,383,665	-	94,383,665	85,793,274
Management and general	4,150,330	-	4,150,330	3,573,748
Fundraising	1,013,856	-	1,013,856	896,041
Total expenses	99,547,851	-	99,547,851	90,263,063
CHANGE IN NET ASSETS	(1,850,507)	1,476,888	(373,619)	23,806,201
Net assets at beginning of year	8,632,930	24,192,222	32,825,152	9,018,951
Net assets at end of year	\$ 6,782,423	\$ 25,669,110	\$ 32,451,533	\$ 32,825,152

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

The HALO Trust (USA), Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended March 31, 2025

(with summarized comparative information for March 31, 2024)

	2025				2024
	Program Activities	Management and General	Fundraising	Total	Total
Salaries and benefits	\$ 16,720	\$ 1,433,876	\$ 900,104	\$ 2,350,700	\$ 1,791,897
Office costs	4,538	1,693,198	69,629	1,767,365	1,749,279
Accommodation	-	146,588	-	146,588	80,014
Insurance	-	19,329	-	19,329	39,851
Professional fees	-	700,776	26,303	727,079	688,503
Travel	22,299	156,563	17,820	196,682	120,246
Subgranted to:				-	
The HALO Trust (UK)	94,340,108	-	-	94,340,108	85,793,274
Total expenses	<u>\$ 94,383,665</u>	<u>\$ 4,150,330</u>	<u>\$ 1,013,856</u>	<u>\$ 99,547,851</u>	<u>\$ 90,263,065</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,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ (373,619)	\$ 23,806,201
Adjustments necessary to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Contribution receivables	3,433,778	(5,386,216)
Deposits and prepaid expenses	(16,050)	17,768
Accounts payable	29,264	(15,170)
Due from The HALO Trust (UK)	<u>(3,007)</u>	<u>6,176</u>
Net cash provided by operating activities	<u>3,070,366</u>	<u>18,428,759</u>
Cash flows from investing activities		
Purchases of certificates of deposit	-	(12,422,646)
Sales of certificates of deposit	<u>16,443,631</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>16,443,631</u>	<u>(12,422,646)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,513,997	6,006,113
Cash and cash equivalents at beginning of year	<u>10,740,580</u>	<u>4,734,467</u>
Cash and cash equivalents at end of year	<u><u>\$ 30,254,577</u></u>	<u><u>\$ 10,740,580</u></u>

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

The HALO Trust (USA), Inc.
NOTES TO FINANCIAL STATEMENTS
March 31, 2025 and 2024

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.

Property and Equipment

HALO follows the practice of capitalizing all expenditures for furniture, fixtures and equipment having a cost in excess of \$1,500. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the related assets. Furniture, fixtures and equipment are depreciated between three and five years.

Any property and equipment for use in overseas projects is expensed in the year acquired. HALO maintains records of the property and equipment. Upon completion of the project, some of these assets are transferred to other projects, donated to local charities, or may be reclaimed by the donor.

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2025 and 2024

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.

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, 2025 and 2024 are expected to be received as follows:

	2025	2024
Within one year	\$ 2,320,000	\$ 3,443,778
Between one and five years	-	2,310,000
Total contributions receivable	<u>\$ 2,320,000</u>	<u>\$ 5,753,778</u>

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2025 and 2024

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, 2025 and 2024, contributed nonfinancial assets, including donated services, recognized within the statements of activities consisted of the following:

Description	2025	2024	Utilization in Programs/ Services	Donor Restrictions	Valuation Techniques and Inputs
Legal	\$ 452,627	\$ 428,411	Professional services from attorneys advising on various administrative legal matters	No associated donor restrictions	Based on standard rates for services
Software	1,403,925	1,451,255	Utilized in program or supporting services	No associated donor restrictions	Based on current rates for similar software
Advertising	50,000	50,000	Distributed and/or utilized in program or supporting services	No associated donor restrictions	Based on estimated fair value of similar equipment
Total	<u>\$ 1,906,552</u>	<u>\$ 1,929,666</u>			

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, 2025, HALO has \$99,174,231 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.

Leases

HALO applies the provisions of Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842). HALO classifies leases as either operating or financing depending on the terms and conditions set forth in the contract. On the statement of financial position, right-of-use ("ROU") assets represent HALO's right to use the underlying assets for the lease term and lease liabilities represent HALO's obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at lease inception based

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2025 and 2024

upon the present value of lease payments over the lease term. ROU assets are reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liability utilizing the straight-line method. The discount rate is based on a risk-free rate using a period comparable with the lease term.

HALO elected the package of practical expedients permitted under the transition guidance with Topic 842, which allowed HALO to carry forward its identification of contracts that are or contain leases, its historical classification of existing leases and its accounting for initial direct costs for existing leases.

HALO elected the short-term lease exception under Topic 842 for all leases, and therefore, leases with an initial term of 12 months or less are not included in the statement of financial position.

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, 2024, 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:

	2025	2024
Direct program activities	\$ 92,514,323	\$ 85,185,116
Released from contributions with donor restrictions to support fundraising expenses	333,685	330,477
Net assets released from restriction for satisfaction of program activities	<u>\$ 92,848,008</u>	<u>\$ 85,515,593</u>

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2025 and 2024

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

	2025	2024
Global	\$ 1,186,710	\$ 45,680
Kosovo	2,932	2,911
Myanmar	340	340
Syria	29,613	29,596
Afghanistan	362	253
Nagorno Karabak	2,990	2,990
Ukraine	24,442,025	24,106,554
Angola	21	-
Cambodia	1,050	1,050
Columbia	1,000	1,000
Armenia	1,848	1,848
Laos	21	-
Ethiopia	198	-
	<u>\$ 25,669,110</u>	<u>\$ 24,192,222</u>

NOTE 4 - LIQUIDITY AND AVAILABILITY

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

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 30,254,577	\$ 10,740,580
Certificates of deposit	-	16,443,631
Contributions receivable within a year	2,320,000	3,443,778
Due from The HALO Trust (UK)	3,317	310
	<u>32,577,894</u>	<u>30,628,299</u>
Total financial assets available within one year	32,577,894	30,628,299
Less:		
Net assets with donor restrictions	<u>(25,669,110)</u>	<u>(24,192,222)</u>
	<u>6,908,784</u>	<u>6,436,077</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,908,784</u>	<u>\$ 6,436,077</u>

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

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2025 and 2024

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.

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, 2025 and 2024 was \$106,690 and \$80,014 respectively.

HALO also leases a photocopier for the office facilities. The total photocopier lease cost for both of the years ended March 31, 2025 and 2024 was \$2,400.

The maturity of the lease liability under HALO's operating leases as of March 31, 2025 is as follows:

<u>Year Ending March 31,</u>		
2026		\$ 154,980
2027		161,083
2028		165,030
2029		<u>42,908</u>
		524,001
Less: present value discount		<u>(30,338)</u>
Total lease liability		<u>\$ 493,663</u>
	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of the lease		
liabilities-operating cash flows	\$ 146,588	\$ 80,014
Weighted-average remaining lease term (months)	39	51
Weighted-average discount rate	4.09%	4.34%

Right-of-use assets obtained in exchange for lease obligations \$40,021 and \$25,251.

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.

NOTE 6 - CONCENTRATIONS OF CREDIT RISK AND REVENUE

Financial instruments, which potentially subject HALO to concentrations of credit risk, consist principally of cash, 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 \$29,763,978 at March 31, 2025. 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, 2025. HALO has not had any losses related to any deposits. HALO believes that its exposure to these credit risks is limited.

The HALO Trust (USA), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2025 and 2024

For the years ended March 31, 2025 and 2024, HALO received approximately 60% and 55%, respectively, of its revenue from the U.S. Department of State and other federal agencies. HALO's continued support from these agencies is expected.

NOTE 7 - RELATED PARTY TRANSACTIONS

Expenses charged to HALO by The HALO Trust (UK) for general support for the years ended March 31, 2025 and 2024, totaled \$87,413 and \$36,814, respectively. For both of the years ended March 31, 2025 and 2024, 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 latter to perform 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, 2025 and 2024, HALO subgranted \$94,340,108 and \$85,793,274, respectively, to The HALO Trust (UK). Of the amounts subgranted to The HALO Trust (UK), \$59,572,599 and \$62,762,307, respectively, was federally funded and \$34,767,509 and \$23,030,967, respectively, was privately funded.

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions occurring through November 21, 2025, the date the financial statements were available to be issued.

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