

FINANCIAL STATEMENTS



BRAC USA, Inc.

FOR THE YEAR ENDED JUNE 30, 2025

BRAC USA, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
BRAC USA, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of BRAC USA, Inc. (BRAC USA), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and change in net assets, functional expenses and cash flows for the year ended June 30 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAC USA as of June 30, 2025, and the change in its net assets and its cash flows for the year ended June 30, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 BRAC 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, that raise substantial doubt about BRAC USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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 generally accepted auditing standards and *Government 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.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 BRAC USA'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 BRAC 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025, on our consideration of BRAC USA'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 that 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 BRAC USA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRAC USA's internal control over financial reporting and compliance.



November 25, 2025

BRAC USA, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025

ASSETS

Cash and cash equivalents	\$ 15,439,921
Restricted cash	1,305,775
Investments	21,873,056
Accounts receivable	914,034
Grants receivable, net	10,181,152
Prepaid expenses	18,774
Property and equipment, net	<u>1,749</u>
TOTAL ASSETS	\$ <u>49,734,461</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 2,117,587
Grants payable, net	<u>35,020,377</u>
Total liabilities	<u>37,137,964</u>

NET ASSETS

Without donor restrictions:	
Undesignated	3,650,668
Board designated reserve	<u>5,000,000</u>
Total without donor restrictions	8,650,668
With donor restrictions	<u>3,945,829</u>
Total net assets	<u>12,596,497</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>49,734,461</u>

BRAC USA, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 5,294,124	\$ 10,754,389	\$ 16,048,513
U.S. Federal grants	2,546,754	-	2,546,754
Contract revenue	805,572	-	805,572
Interest income	219,444	-	219,444
Net investment return	1,472,470	105,668	1,578,138
Other revenue	1,086,371	-	1,086,371
Net assets released from donor restrictions	<u>11,846,735</u>	<u>(11,846,735)</u>	<u>-</u>
Total revenue and support	<u>23,271,470</u>	<u>(986,678)</u>	<u>22,284,792</u>
EXPENSES			
Program Services	<u>20,009,514</u>	<u>-</u>	<u>20,009,514</u>
Supporting Services:			
Management and General	2,080,700	-	2,080,700
Fundraising	<u>1,316,844</u>	<u>-</u>	<u>1,316,844</u>
Total supporting services	<u>3,397,544</u>	<u>-</u>	<u>3,397,544</u>
Total expenses	<u>23,407,058</u>	<u>-</u>	<u>23,407,058</u>
Change in net assets	(135,588)	(986,678)	(1,122,266)
Net assets at beginning of the year	<u>8,786,256</u>	<u>4,932,507</u>	<u>13,718,763</u>
NET ASSETS AT END OF THE YEAR	<u>\$ 8,650,668</u>	<u>\$ 3,945,829</u>	<u>\$ 12,596,497</u>

BRAC USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Grant expense	\$ 17,754,878	\$ -	\$ -	\$ -	\$ 17,754,878
Salaries, payroll taxes and employee benefits	1,281,646	1,192,502	1,130,134	2,322,636	3,604,282
Professional fees	814,975	463,226	46,358	509,584	1,324,559
Occupancy	5,231	192,460	3,178	195,638	200,869
Business meetings and travel expenses	117,886	73,753	49,429	123,182	241,068
Dues and subscriptions	8,126	110,436	46,489	156,925	165,051
Miscellaneous	4,638	931	18,442	19,373	24,011
Depreciation and amortization	4,270	3,369	3,765	7,134	11,404
Insurance	11,543	10,740	10,178	20,918	32,461
Conference and events	4,248	6,843	4,543	11,386	15,634
Office supplies and expenses	483	20,949	3,202	24,151	24,634
Telecommunications	1,590	5,491	1,126	6,617	8,207
TOTAL	\$ 20,009,514	\$ 2,080,700	\$ 1,316,844	\$ 3,397,544	\$ 23,407,058

See accompanying notes to financial statements.

BRAC USA, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,122,266)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	11,404
Unrealized loss	428,737
Realized gain	(468,863)
Change in discount on long-term grants receivable	(228,638)
Change in discount on long-term grants payable	857,168
Amortization of right-of-use asset - operating lease	124,168
Amortization of right-of-use asset - finance lease	605
Receipt of donated securities	(1,089,032)
Proceeds from sale of donated securities	1,053,357
Realized loss on sale of donated securities	35,675
Decrease in:	
Accounts receivable	594,057
Grants receivable	1,662,901
Prepaid expenses	18,437
Increase (decrease) in:	
Accounts payable and accrued expenses	399,605
Grants payable	(2,946,906)
Finance lease liability	(627)
Operating lease liability	<u>(143,303)</u>
Net cash used by operating activities	<u>(813,521)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(6,956,567)
Proceeds from sales of investments	<u>16,038,739</u>
Net cash provided by investing activities	<u>9,082,172</u>
Net increase in cash and cash equivalents	8,268,651
Cash and cash equivalents at beginning of the year	<u>8,477,045</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 16,745,696</u>

SUPPLEMENTAL INFORMATION:

**Cash and Cash Equivalents are Presented as Follows on the Statement of
Financial Position:**

Cash and Cash Equivalents	\$ 15,439,921
Restricted Cash	<u>1,305,775</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 16,745,696</u>

See accompanying notes to financial statements.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

BRAC USA, Inc. (BRAC USA) is a non-profit organization, incorporated in the State of New York. BRAC USA is the North American affiliate of BRAC, a global leader in developing and implementing cost-effective, evidence-based programs to assist the most marginalized people in extremely poor, conflict-prone and post-disaster settings. Founded in 2006, BRAC USA's purpose is to raise awareness, mobilize resources and make grants to reduce poverty, improve health, provide education and empower women and girls.

BRAC USA partners with its affiliated entities (BRAC Global; BRAC Bangladesh; Stichting BRAC International, including its subsidiaries, BRAC International Holding BV and BRAC International country offices; and BRAC Europe) in furtherance of its mission. BRAC USA does not control these entities, and accordingly, the financial activities of the affiliates are not consolidated for financial reporting purposes.

Effective October 1, 2023, BRAC USA changed its fiscal year-end from September 30 to June 30. As a result, the prior period financial statements cover a nine-month period from October 1, 2023 to June 30, 2024. This change was made to align BRAC USA's fiscal period with other BRAC entities. These financial statements cover the year ended June 30, 2025, making direct comparisons difficult.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. 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". Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and cash equivalents -

BRAC USA 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.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Cash and cash equivalents (continued) -

Included in cash and cash equivalents are money market and savings and time deposit accounts. At times during the year, BRAC USA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest is included in interest income, while dividends, realized and unrealized gains and losses are included in investment return in the Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. BRAC USA's policy is to liquidate all gifts of investments as soon as possible after the gift. Any gain or loss recognized from the sale of donated securities is recorded in contributions revenue.

Grants and accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to contract revenue. Accounts receivable are recorded at their net realizable value which approximates fair value. Management considers all amounts to be fully collectable. Accordingly, an allowance for credit losses has not been established.

Grants receivable include unconditional promises to give that are expected to be collected in future years. Grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Website costs are capitalized in accordance with ASC 350-50. Depreciation and amortization expense for the year ended June 30, 2025 totaled \$11,404.

Grants payable -

Grants payable represent unconditional commitments approved by BRAC USA for which the underlying conditions for payment have been satisfied by the grantee. Grants are recognized as expenses and corresponding liabilities when the grant is approved and communicated to the recipient, provided that no substantive conditions remain outstanding.

Grants payable expected to be settled within one year are classified as current liabilities, while amounts expected to be paid in subsequent periods are classified as long-term liabilities. Long-term grants payable with fixed payment schedules are recorded at the present value of expected future cash outflows. The discount is computed using the risk adjusted interest rates applicable in the years in which the commitments were made.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Income taxes -

BRAC USA is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (IRC), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. BRAC USA is not a private foundation.

Revenue recognition -

Grants and contributions -

BRAC USA receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. BRAC USA performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, BRAC USA had no refundable advances as of June 30, 2025.

In addition, BRAC USA obtains funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. BRAC USA's unrecognized conditional contributions to be received in future years totaled \$720,728 as of June 30, 2025.

Contract and other revenue -

Revenue from contracts with customers is recorded when the performance obligations are met. BRAC USA has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. BRAC USA's contracts with customers generally have initial terms of one year or less.

BRAC USA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Use of estimates -

The preparation of the 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 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 Statement of Activities and Change 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 BRAC USA are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort or other reasonable basis.

Investment risks and uncertainties -

BRAC USA invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, BRAC USA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market BRAC USA has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended June 30, 2025. Transfers between levels are recorded at the end of the reporting period, if applicable.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Government Securities* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 5,149,096	\$ -	\$ -	\$ 5,149,096
Government securities	<u>16,723,960</u>	<u>-</u>	<u>-</u>	<u>16,723,960</u>
TOTAL INVESTMENTS	<u>\$ 21,873,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,873,056</u>

Net investment return consisted of the following for the year ended June 30, 2025:

Interest and dividends	\$ 1,539,020
Unrealized loss	(428,737)
Realized gain	468,863
Investment fees	<u>(1,008)</u>
NET INVESTMENT RETURN	<u>\$ 1,578,138</u>

3. GRANTS RECEIVABLE

As of June 30, 2025, BRAC USA has received commitments for support, in which \$10,258,914 remained outstanding. Amounts due beyond one year have been recorded at the net present value of the estimated cash flows, using a discount rate ranging between 3.7% to 4.0%.

Total amounts due are as follows as of June 30, 2025:

Less than one year	\$ 9,218,572
One to five years	<u>1,040,342</u>
Subtotal	10,258,914
Less: Present value discount	<u>(77,762)</u>
NET GRANTS RECEIVABLE	<u>\$ 10,181,152</u>

4. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets consisted of the following revenue streams as of June 30, 2025:

Contract Revenue	<u>\$ 914,034</u>
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There were no contract liabilities and there is no allowance for credit loss as of and for the year ended June 30, 2025.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2025:

Furniture and equipment	\$ 204,685
Website	<u>34,000</u>
Total property and equipment	238,685
Less: Accumulated depreciation and amortization	<u>(236,936)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 1,749</u>

6. GRANTS PAYABLE

As of June 30, 2025, BRAC USA has made written promises to give, of which \$36,834,413 remained outstanding. Amounts payable beyond one year have been recorded at the net present value of the estimated cash outflows, using a discount rate ranging between 4.3% and 5.1%.

Total amounts due are as follows as of June 30, 2025:

Less than one year	\$ 17,288,318
One to five years	<u>19,546,095</u>
Total	36,834,413
Less: Discount to net present value	<u>(1,814,036)</u>
GRANTS PAYABLE	<u>\$ 35,020,377</u>

7. BOARD DESIGNATED NET ASSETS

As of June 30, 2025, the Board of Directors has reserved a total of \$5,000,000 (shown as designated net assets) for the purposes of assuring longer-term stability and sustainability.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2025:

Program Services	\$ 1,445,609
Ultra-Poor Graduation Initiative	<u>2,500,220</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 3,945,829</u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended June 30, 2025:

Program Services	\$ 6,890,068
Ultra-Poor Graduation Initiative	<u>4,956,667</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 11,846,735</u>

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

9. LIQUIDITY AND AVAILABILITY

The following reflects BRAC USA's financial assets available for use for general expenditures within one year of the Statement of Financial Position dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position dates.

Cash and cash equivalents	\$ 15,439,921
Investments	21,873,056
Grants receivable, current	9,218,572
Accounts receivable	<u>914,034</u>
Subtotal financial assets available within one year	47,445,583
Less: Current portion of donor restricted funds	(3,945,829)
Less: Board designated funds	<u>(5,000,000)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 38,499,754</u>
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BRAC USA is substantially supported by restricted contributions. As a donor's restriction requires resources to be used in a particular manner or in a future period, BRAC USA must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of BRAC USA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Board designated funds can be available to draw upon, in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

10. LEASE COMMITMENTS

BRAC USA follows FASB ASC 842 for leases. BRAC USA has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. BRAC USA has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

BRAC USA's previous lease agreement concluded in November 2024. Effective immediately thereafter, the entity entered into a 12-month membership arrangement at a monthly rate of \$6,000. Upon expiration of the initial term, the agreement will convert to a month-to-month basis under the same terms unless otherwise renegotiated. For the year ended June 30, 2025, the total occupancy expense was \$200,869.

11. RETIREMENT PLAN

BRAC USA provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with three months of eligible experience. BRAC USA contributes up to 5% of the salary for all participants. Contributions to the Plan during the year ended June 30, 2025 totaled \$200,869, and are included in Salaries, payroll taxes and employee benefits in the accompanying Statement of Functional Expenses.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

12. CONCENTRATION OF REVENUE

Approximately 79% of BRAC USA's receivables balance and 42% of BRAC USA's revenue during the year ended June 30, 2025 were derived from four donors. BRAC USA has no reason to believe that relationships with these donors 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) could adversely affect BRAC USA's ability to finance ongoing operations.

13. LOAN GUARANTEE

During the year ended June 30, 2019, BRAC USA entered into an agreement (the Agreement) with BRAC International Holding BV (BIBV), Stichting BRAC International and the Overseas Private Investment Corporation (OPIC) in which BRAC USA has agreed to provide a partial guarantee of an OPIC credit facility obtained by BRAC Myanmar (the Borrower) amounting to \$5,000,000. The current outstanding amount remains at \$3,680,000.

The agreement required BRAC USA to guarantee 25% of the committed amount of the facility, totaling \$1,250,000. BRAC USA must keep the funds in a separate United States held account. To support this guarantee, BIBV agreed to re-allocate funds already provided to BRAC USA.

The funds are included in the accompanying Statement of Financial Position as follows as of June 30, 2025:

Original guarantee	\$ 1,250,000
Interest earned	28,752
Interest payable	<u>28,752</u>
TOTAL RESTRICTED CASH AND RECEIVABLE	<u>\$ 1,307,504</u>
Re-allocated liabilities (included in accounts payable and accrued expenses)	\$ 1,088,466
Re-allocated net assets with donor restrictions	190,286
Interest income	<u>28,752</u>
TOTAL ALLOCATED LIABILITIES AND NET ASSETS	<u>\$ 1,307,504</u>

The Borrower is currently negotiating for an extension of the Agreement with the United States International Development Finance Corporation (DFC), the successor organization to OPIC. Unless the funds are needed to be paid to the DFC under the guarantee, once the loan obligation expires, it is expected that the guaranteed funds would be recommitted to future projects, with the exception of 50% of any interest earned over the loan period.

14. CONTINGENCY

BRAC USA receives grants from the U.S. Department of State. 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 Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. 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. Audits in accordance with the applicable provisions of Subpart F of the Uniform Guidance have been completed for all required fiscal years through 2025.

BRAC USA, INC.

**NOTES TO FINANCIAL STATEMENTS
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15. SUBSEQUENT EVENTS

In preparing these financial statements, BRAC USA has evaluated events and transactions for potential recognition or disclosure through November 25, 2025, the date the financial statements were issued.

On January 27, 2025, BRAC USA received a stop-work order applicable to its United States Government ("USG") funded programs. This directive was issued as a result of the Presidential Executive Order entitled "Reevaluating and Realigning United States Foreign Aid" which was issued on January 20, 2025 and mandates a 90-day pause in United States foreign development assistance for assessment of programmatic efficiencies and consistency with United States foreign policy. Subsequently, all U.S. Agency for International Development (USAID) programs were terminated. The remaining Department of State program was modified and extended through October 31, 2025. As of that date, BRAC USA had no ongoing USG-funded programs. BRAC USA continues to monitor U.S. Government actions regarding the potential resumption of development financing to determine whether future participation will be possible. These financial statements do not reflect any adjustments related to this subsequent event.