



HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
Audited Financials

Haggai International prides itself in corporate financial transparency in reporting. This year represents the tenth year in a row our external auditors completed a stringent audit with no audit adjustments. The audited financials for fiscal year ended March 31, 2021, are attached below. Please contact Louisa Mouchet, Chief Financial Officer at 770-810-1408 or louisam@haggai-international.org for access to the audited financials for fiscal year ended March 31, 2022, or if you need any clarification or have questions about the ministry's finances.

The Haggai Team



**HAGGAI INTERNATIONAL INSTITUTE FOR
ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended March 31, 2021 and 2020

And Report of Independent Auditor

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY
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Report of Independent Auditor

To the Board of Trustees
Haggai International Institute for Advanced Leadership Training, Inc. and Subsidiary
Peachtree Corners, Georgia

We have audited the accompanying consolidated financial statements of Haggai International Institute for Advanced Leadership Training, Inc. and Subsidiary (collectively, "Haggai") (a nonprofit organization), which comprise the consolidated statements of financial position as of March 31, 2021 and 2020, and the related consolidated statements of activities, 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 of 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Haggai as of March 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities, as of and for the years ended March 31, 2021 and 2020, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Cheng Bekart LLP

Atlanta, Georgia
July 19, 2021

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 4,007,411	\$ 3,288,488
Investments	29,953,947	21,755,808
Contributions receivable, net	133,700	311,235
Property and equipment, net	8,440,796	9,930,614
Other assets	886,384	298,925
Total Assets	<u>\$ 43,422,238</u>	<u>\$ 35,585,070</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses, and deferred revenues	\$ 1,069,380	\$ 1,639,103
Annuities payable	1,542,651	1,602,362
Note payable	207,661	251,237
Total Liabilities	<u>2,819,692</u>	<u>3,492,702</u>
Net Assets:		
Without Donor Restrictions:		
Board designated for upcoming fiscal year budget deficit	2,621,752	2,260,217
Board designated for strategic initiatives	646,306	744,368
Board designated for annuities	1,446,597	867,381
Board designated endowment funds	14,215,039	11,471,512
Arizona Friends of the Haggai Institute	4,741,362	3,748,387
Invested in property and equipment, net	8,440,796	9,930,614
Undesignated	6,963,322	1,994,689
Total Without Donor Restrictions	<u>39,075,174</u>	<u>31,017,168</u>
With Donor Restrictions:		
Restricted for specified purpose	1,069,561	464,107
Restricted for the passage of time	133,700	311,235
Endowments	324,111	299,858
Total With Donor Restrictions	<u>1,527,372</u>	<u>1,075,200</u>
Total Net Assets	<u>40,602,546</u>	<u>32,092,368</u>
Total Liabilities and Net Assets	<u>\$ 43,422,238</u>	<u>\$ 35,585,070</u>

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions and bequests from private foundations and the general public	\$ 7,776,425	\$ 1,271,935	\$ 9,048,360
Contributions from trustees	1,879,867	25,000	1,904,867
Total Contributions Revenue	9,656,292	1,296,935	10,953,227
Participants' fees	52,600	-	52,600
Receipts from affiliated organizations	143,995	-	143,995
Other	56,019	-	56,019
Net assets released from restrictions	869,017	(869,017)	-
Total Revenue and Other Support	10,777,923	427,918	11,205,841
Expenses:			
Program Services:			
Developing Countries Ministry and Leadership Training	6,293,876	-	6,293,876
Developed Countries Ministry	998,477	-	998,477
Total Program Services	7,292,353	-	7,292,353
Supporting Services:			
Fundraising	2,410,878	-	2,410,878
Management and general	1,352,279	-	1,352,279
Total Supporting Services	3,763,157	-	3,763,157
Total Expenses Before Other Income	11,055,510	-	11,055,510
Other Income:			
Paycheck Protection Program loan forgiveness	751,900	-	751,900
Employee Retention Credit	589,593	-	589,593
Total Other Income	1,341,493	-	1,341,493
Total Net Expenses	9,714,017	-	9,714,017
Change in net assets before investment return, net	1,063,906	427,918	1,491,824
Investment return, net	7,195,150	24,254	7,219,404
Change in value of split-interest agreements	(201,050)	-	(201,050)
Change in net assets	8,058,006	452,172	8,510,178
Net assets, beginning of year	31,017,168	1,075,200	32,092,368
Net assets, end of year	\$ 39,075,174	\$ 1,527,372	\$ 40,602,546

The accompanying notes to the consolidated financial statements are an integral part of these statements. 4

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions and bequests from private foundations and the general public	\$ 7,195,705	\$ 531,269	\$ 7,726,974
Contributions from trustees	2,485,264	12,500	2,497,764
Total Contributions Revenue	9,680,969	543,769	10,224,738
Participants' fees	625,439	-	625,439
Receipts from affiliated organizations	253,670	-	253,670
Other	29,837	-	29,837
Net assets released from restrictions	624,309	(624,309)	-
Total Revenue and Other Support	11,214,224	(80,540)	11,133,684
Expenses:			
Program Services:			
Developing Countries Ministry and Leadership Training	9,689,119	-	9,689,119
Developed Countries Ministry	1,174,212	-	1,174,212
Total Program Services	10,863,331	-	10,863,331
Supporting Services:			
Fundraising	2,944,128	-	2,944,128
Management and general	1,377,706	-	1,377,706
Total Supporting Services	4,321,834	-	4,321,834
Total Expenses Before Loss on Contributions Receivable, net	15,185,165	-	15,185,165
Loss on contributions receivable, net	465,132	-	465,132
Total Net Expenses	15,650,297	-	15,650,297
Change in net assets before investment loss, net	(4,436,073)	(80,540)	(4,516,613)
Investment loss, net	(1,787,971)	(24,254)	(1,812,225)
Change in value of split-interest agreements	(181,174)	-	(181,174)
Change in net assets	(6,405,218)	(104,794)	(6,510,012)
Net assets, beginning of year	37,422,386	1,179,994	38,602,380
Net assets, end of year	\$ 31,017,168	\$ 1,075,200	\$ 32,092,368

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

HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2021

	Program Services			Supporting Services			Total Expenses
	Developing Countries Ministry and Leadership Training	Developed Countries Ministry	Program Services Total	Fundraising	Management and General	Supporting Services Total	
Salaries and wages	\$ 2,282,471	\$ 571,732	\$ 2,854,203	\$ 1,411,394	\$ 547,558	\$ 1,958,952	\$ 4,813,155
Professional fees	502,200	164,603	666,803	381,244	191,397	572,641	1,239,444
Employee benefits and payroll tax	440,733	112,530	553,263	274,033	159,449	433,482	986,745
Property expenses	552,993	11	553,004	11	11	22	553,026
Program grants	308,981	-	308,981	-	-	-	308,981
Rent	44,820	23,904	68,724	-	230,075	230,075	298,799
Office supplies and expense	76,102	29,409	105,511	77,225	64,231	141,456	246,967
Printing and publications	52,763	37,195	89,958	106,565	6,569	113,134	203,092
Insurance	135,574	4,764	140,338	-	45,858	45,858	186,196
Travel and related services	110,726	8,856	119,582	33,107	670	33,777	153,359
Domestic and international communications	78,473	13,570	92,043	31,644	12,935	44,579	136,622
Honoraria	98,406	933	99,339	3,023	374	3,397	102,736
Payments to affiliates	9,040	18,155	27,195	63,541	-	63,541	90,736
Equipment rental and maintenance	21,206	3,111	24,317	7,024	3,978	11,002	35,319
Postage and freight	8,385	4,951	13,336	14,037	5,029	19,066	32,402
Miscellaneous	11,995	4,753	16,748	8,030	14,836	22,866	39,614
Depreciation and amortization	1,559,008	-	1,559,008	-	69,309	69,309	1,628,317
Total Expenses Before	\$ 6,293,876	\$ 998,477	\$ 7,292,353	\$ 2,410,878	\$ 1,352,279	\$ 3,763,157	\$ 11,055,510
Other Income							

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

HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2020

	Program Services			Supporting Services			Total Expenses
	Developing Countries Ministry and Leadership Training	Developed Countries Ministry	Program Services Total	Fundraising	Management and General	Supporting Services Total	
Salaries and wages	\$ 2,356,409	\$ 606,980	\$ 2,963,389	\$ 1,410,624	\$ 553,237	\$ 1,963,861	\$ 4,927,250
Professional fees	393,755	142,053	535,808	330,849	196,468	285,028	820,836
Employee benefits and payroll tax	408,693	113,618	522,311	272,628	155,487	428,115	950,426
Property expenses	792,999	529	793,528	815	449	1,264	794,792
Program grants	298,760	-	298,760	-	-	-	298,760
Rent	43,741	23,329	67,070	-	224,537	224,537	291,607
Office supplies and expense	107,660	27,880	135,540	80,817	61,725	142,542	278,082
Printing and publications	213,361	67,308	280,669	253,381	4,593	257,974	538,643
Insurance	129,270	4,347	133,617	5	41,752	41,757	175,374
Travel and related services	3,077,263	122,731	3,199,994	417,073	32,898	449,971	3,649,965
Domestic and international communications	70,776	13,744	84,520	31,936	12,866	44,802	129,322
Honoraria	192,054	8,050	200,104	13,723	2,938	16,661	216,765
Payments to affiliates	9,555	19,111	28,666	66,888	-	66,888	95,554
Equipment rental and maintenance	24,708	5,011	29,719	13,225	4,272	17,497	47,216
Postage and freight	13,744	10,154	23,898	28,354	11,842	40,196	64,094
Miscellaneous	17,149	9,367	26,516	23,810	16,770	40,580	67,096
Depreciation and amortization	1,539,222	-	1,539,222	-	57,872	57,872	1,597,094
Total Expenses Before Loss on Contributions Receivable, net	\$ 9,689,119	\$ 1,174,212	\$ 10,863,331	\$ 2,944,128	\$ 1,377,706	\$ 4,321,834	\$ 15,165,165

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

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,510,178	\$ (6,510,012)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in value of split-interest agreements	201,050	181,174
(Gain) loss on disposal of property and equipment	(22,000)	1,670
Net realized and unrealized (gains) losses on investments	(7,210,835)	1,841,054
Donated assets received, net of proceeds from sales	(3,495)	(296,137)
Contribution of software in-kind	(23,927)	-
Depreciation and amortization	1,628,317	1,597,094
Loss on contributions receivable	-	465,132
Changes in operating assets and liabilities:		
Other assets	(587,459)	621,064
Contributions receivable	177,535	433,934
Accounts payable, accrued expenses, and deferred revenue	(569,723)	(277,588)
Net cash flows from operating activities	<u>2,099,641</u>	<u>(1,942,615)</u>
Cash flows from investing activities:		
Purchase of investments	(2,800,850)	(299,754)
Proceeds from investments	1,817,041	1,794,797
Purchases of property and equipment	(114,573)	(137,302)
Proceeds from sale of property and equipment	22,000	-
Net cash flows from investing activities	<u>(1,076,382)</u>	<u>1,357,741</u>
Cash flows from financing activities:		
Payments on note payable	(43,576)	(42,106)
Payments to annuitants	(260,760)	(266,252)
Net cash flows from financing activities	<u>(304,336)</u>	<u>(308,358)</u>
Change in cash and cash equivalents	718,923	(893,232)
Cash and cash equivalents, beginning of year	3,288,488	4,181,720
Cash and cash equivalents, end of year	<u>\$ 4,007,411</u>	<u>\$ 3,288,488</u>
Supplemental cash flow information:		
Interest paid	<u>\$ 8,642</u>	<u>\$ 11,195</u>
Contribution of software in-kind	<u>\$ 23,927</u>	<u>\$ -</u>

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

Note 1—Organization and purpose

Haggai International Institute for Advanced Leadership Training, Inc., is a nonprofit organization incorporated in the state of Georgia in 1962. The Arizona Friends of the Haggai Institute ("Arizona Friends") is a nonprofit organization incorporated in the state of Arizona. The purpose of these two organizations (collectively, "Haggai") is to equip and inspire strategically positioned leaders to more effectively demonstrate and present the Gospel of Jesus Christ and to prepare others to do the same so that every nation is redeemed and transformed through the Gospel of Jesus Christ. Haggai receives funding primarily from public sources.

Haggai's leadership training programs are primarily conducted in English on the island of Maui, Hawaii at the Mid Pacific Center ("MPC") and virtually from the MPC. It also conducts programs in Chinese in Singapore, Spanish in Latin America, and Arabic in the Middle East. The training sessions are directed, coordinated, and funded by Haggai, whose administrative offices are located in Peachtree Corners, Georgia.

Haggai also has affiliated organizations in Australia (Haggai Institute (Australia)) and the United Kingdom (Haggai Advanced Leadership Training Limited) that are not included in the accompanying consolidated financial statements. These affiliated organizations are autonomous and are incorporated in their respective countries. All of the affiliates engage primarily in fundraising activities to support the equipping sessions of Haggai.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of Haggai International Institute for Advanced Leadership Training, Inc. and Arizona Friends of the Haggai Institute. Haggai consolidates Arizona Friends because it has an economic interest and control in Arizona Friends. All intercompany transactions have been eliminated in the accompanying consolidated financial statements.

Note 2—Summary of significant accounting policies

Financial Statement Presentation – Haggai reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Haggai. These net assets may be used at the discretion of Haggai's management and the Board of Trustees (the "Board"). Haggai has chosen to provide further classification information about net assets without donor restrictions on the consolidated statements of financial position. The sub-classifications are as follows:

Board Designated Funds – Occasionally the Board will designate a portion of net assets without donor restrictions to certain reserve funds for designated purposes. As of March 31, 2021 and 2020, the Board has designated reserve funds for the following items: (1) to fund an upcoming budget deficit, (2) for certain strategic growth initiatives, and (3) for Haggai's annuities subject to annuity and similar agreements under which Haggai assumes a legal liability to the donor or his or her designee, for a specified period of time.

Board Designated Endowment – Represents a board designated endowment established by the Board specifying that the capital of the board designated endowment would be retained and invested; that there would be no withdrawal of capital except upon approval of the Board; and that the earnings from the endowment's investments be retained except upon approval of the Board, whose approval shall allow the earnings to be used for the operations of Haggai.

Arizona Friends – Represents the net assets of Arizona Friends.

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

Invested in Property and Equipment – Represents net assets invested in property and equipment, net of accumulated depreciation.

Undesignated – Represents the cumulative net assets without donor restrictions excluding those net assets invested in buildings and equipment and designated for specific activities by the Board.

Net Assets With Donor Restrictions – Net assets that contain donor-imposed time or purpose restrictions that have not currently been met. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Haggai or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Haggai may expend part or all of the income earned according to donor stipulations.

It is Haggai's policy to report donor-restricted contributions and investment gains whose restrictions are met in the same reporting period in which the contributions or investment gains are recognized as an increase in net assets without donor restrictions. All other donor-restricted contributions and investment gains are reported as an increase in net assets with donor restrictions. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents – Haggai considers all highly liquid investments that have an original maturity of three months or less when purchased, and can be readily converted to cash on demand without penalty, to be cash equivalents, with the exception of cash or money market funds held for reinvestment which are included as investments. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. Haggai from time to time may have amounts on deposit in excess of the insured limits. Haggai believes it mitigates any risk by depositing cash with major financial institutions.

Accounting for Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor for a specific purpose or time period. Contributions subject to donor-imposed stipulations are recorded as net assets with donor restrictions and are reclassified to net assets without donor restrictions when the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed. Contributions subject to donor-imposed stipulations whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Contributions, including unconditional promises to give (contributions receivable), are recognized as revenues in the period that the contribution is received or the unconditional promise is made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Contributions to be received after one year are discounted at a rate commensurate with the risk associated with the contribution. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable, if any, is provided based upon management's judgment, including such factors as prior collection history, the type of contribution, and other relevant factors.

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

Contributions in-kind are recognized as contributions if the item (a) creates or enhances non-financial assets or (b) requires specialized skill, are performed by people with those skills, and would otherwise be purchased by Haggai. Haggai recorded contributions in-kind of \$23,927 of capitalized software for the year ended March 31, 2021. A substantial number of unpaid volunteers have made significant contributions of their time to Haggai programs and fundraising campaigns. These donated services are not reflected in the consolidated financial statements since they do not meet the criteria for recognition as contributed services.

Investments – Investments are carried at fair value. Investment income is credited to net assets without donor restrictions unless otherwise designated by the donor. Haggai's corporate stocks consist of a diversified portfolio of common stocks. All of the mutual funds are diversified across strategies, managers, and geography. Haggai's investments do not represent significant concentrations of market risk in as much as Haggai's investment portfolio is diversified among issuers. Haggai's policy is to include cash and cash equivalents held in the investment portfolio as investments. For purposes of the consolidated statements of cash flows, gross purchases and proceeds from investments include only amounts that were converted to (from) cash as defined by Haggai's accounting policy.

Property and Equipment – Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 30 years. Equipment additions and improvements in excess of \$2,000 are capitalized. Normal repairs and maintenance costs are expensed as incurred. If donors stipulate restrictions on the use of donated assets, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Long-Lived Asset Impairment – Haggai evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds fair value. No asset impairment was recognized during the years ended March 31, 2021 and 2020.

Fund Accounting – Haggai uses these funds internally to account for the activity of Haggai. The funds maintained by Haggai are as follows:

- The General Operating Fund represents net assets without donor restrictions and net assets with donor restrictions available for support of the programs and activities of Haggai.
- The Endowment Fund includes net assets without donor restrictions designated by the Board as endowment and net assets with donor restrictions.
- The Annuity Fund represents net assets without donor restrictions subject to annuity and similar agreements under which Haggai assumes a legal liability to the donor or his or her designee for a specified period of time.
- The Arizona Friends of Haggai Fund represents net assets without donor restrictions of Arizona Friends which are consolidated because Haggai has an economic interest and control of these assets.

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

Functional Allocation of Expenses – The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of activities and the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses, excluding depreciation and grant disbursements, are allocated on the basis of management estimates of time and effort. Depreciation has been allocated based on the estimated usage of the asset. Total expenses on the consolidated statements of functional expenses do not include investment management fees, which are netted against investment returns. Total expenses on the consolidated statements of functional expenses do not include Paycheck Protection Program (“PPP”) loan forgiveness, Employee Retention Credit (“ERC”), loss on contributions receivable, net or changes in the value of split-interest agreements.

Income Taxes – Haggai is exempt from income taxation under Section 501(a) as entities described in Section 501(c)(3) of the Internal Revenue Code of 1986 (“IRC”), as amended and, therefore, no provision for income taxes has been made in the accompanying consolidated financial statements. Haggai has evaluated the effect of the guidance provided by accounting principles generally accepted in the United States of America (“U.S. GAAP”) and believes it continues to satisfy the requirements of tax-exempt organizations and, therefore, had no uncertain income tax positions at March 31, 2021.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Government Assistance Accounting – Under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), Haggai received a PPP loan and qualified for an ERC and accounted and recorded these amounts as conditional contributions under Accounting Standards Codification (“ASC”) 958-605, *Not-for-Profit Entities – Revenue Recognition*.

New Accounting Pronouncements – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize a lease liability and right-of-use asset at the commencement date for all leases, with the exception of short-term leases. This guidance will be effective for Haggai beginning April 1, 2022. Haggai is currently evaluating the impact of adopting this new accounting guidance on its consolidated financial statements. See Note 9 – *Leases* for disclosure regarding Haggai’s current operating leases.

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Note 3—Liquidity and availability

The following represents Haggai's financial assets, net of amounts not available to be used for operating expenses within one year, at March 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,007,411	\$ 3,288,488
Investments	29,953,947	21,755,808
Contributions receivable, net	133,700	311,235
Total financial assets	<u>34,095,058</u>	<u>25,355,531</u>
Less amounts not available to be used for general expenditures within one year:		
Restricted for specified purpose	1,069,561	464,107
Restricted for the passage of time	133,700	311,235
Endowments	324,111	299,858
Board designated for annuities and funds	1,446,597	1,611,749
Board designated endowment funds	14,215,039	11,471,512
	<u>17,189,008</u>	<u>14,158,461</u>
Financial assets available to meet general expenditures within one year	<u>\$ 16,906,050</u>	<u>\$ 11,197,070</u>

The Board has designated funds for certain purposes as detailed in the consolidated statements of financial position. As of March 31, 2021, the Board designated net assets for upcoming fiscal year budget deficit of \$2,621,752 and for strategic initiatives of \$646,306 were not included above as they are expected to be available and utilized within one year for operating expenses. As of March 31, 2020, the Board designated net assets for upcoming fiscal year budget deficit of \$2,260,217 were not included above as they were expected to be available and utilized within one year for operating expenses.

The Board has set aside a quasi-endowment fund to be used or available under extreme situations as the Board may deem prudent. Over the long term, Haggai expects the current policy to allow this quasi-endowment to grow the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts.

Haggai's goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$3.5 million). As part of Haggai's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other liabilities become due. Haggai invests cash in excess of daily requirements in money market funds. Occasionally, the Board will designate a portion of any operating surplus to certain designated reserve funds. Additionally, the Board has authorized certain other releases from the quasi-endowment as disclosed above. Board designated funds and endowments could be made available to cover operating expenses, if necessary.

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Note 4—Contributions receivable

Contributions receivable due in more than one year were recorded at present values and were discounted 6% to 12%, of which \$63,765 and \$66,069 was recorded as contributions revenue related to amortization of the discount in the years ended March 31, 2021 and 2020, respectively. As of March 31, 2021, \$133,700 is pledged within one year. These amounts are considered to be fully collectible.

Note 5—Property and equipment

Property and equipment, net consist of the following at March 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 3,276,768	\$ 3,276,768
Building	16,697,146	16,697,146
Leasehold improvements	48,805	48,805
Furniture and office equipment	6,465,694	6,401,055
Software	270,140	195,773
Automobiles	167,375	264,187
Property and equipment, at cost	26,925,928	26,883,734
Less accumulated depreciation	<u>(18,485,132)</u>	<u>(16,953,120)</u>
Property and equipment, net	<u>\$ 8,440,796</u>	<u>\$ 9,930,614</u>

During the fiscal year 2021, the Haggai Board of Directors engaged in discussions involving the potential sale of the MPC classified on the consolidated statements of financial position under property and equipment, net with a net book value of \$7,692,964. The Board of Directors approved resolutions to list the property for sale in July 2020 and hired a broker to actively market the MPC as a hotel site. As a result of these activities, Haggai received multiple draft Letters of Intent ("LOI") to purchase the MPC. The Board of Directors evaluated these LOIs and voted to enter into a final LOI with a purchaser on April 1, 2021 for an amount exceeding the current net book value. Haggai's broker and attorney worked with Haggai management to revise and finalize the LOI to present to the purchaser for review and approval. Haggai's broker presented the revised LOI to the purchaser in April 2021. Shortly thereafter, a Maui County council person recommended a bill be brought before the Maui County council. The bill places a moratorium on building permits for new visitor accommodations for two years in South and West Maui. The purchaser therefore did not enter into a final LOI. Since that time, there has been no movement by the purchaser to enter into a final purchase agreement. On July 2, 2021, the Maui County council passed the moratorium on building permits for new visitor accommodations for two years in South and West Maui. Based on these facts and circumstances, it does not appear a MPC sale will close in the next 12-24 months. Haggai will continue to monitor the circumstances in Maui. In connection with the potential sale of the MPC, Haggai does not believe the building qualifies as a held for sale asset as of March 31, 2021, in accordance with ASC 360, *Property, Plant, and Equipment*.

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Note 6—Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes at March 31:

	<u>2021</u>	<u>2020</u>
Restricted for the passage of time:		
Contributions receivable, net	\$ 133,700	\$ 311,235
Restricted for specified purpose:		
Program support	<u>1,069,561</u>	<u>464,107</u>
Endowments:		
Corpus restricted in perpetuity for specified purpose and associated restricted earnings for specified purpose subject to endowment spending policy and appropriation:		
Leadership training	234,111	216,593
MPC operations	<u>90,000</u>	<u>83,265</u>
Total endowments	<u>324,111</u>	<u>299,858</u>
Total net assets with donor restrictions	<u>\$ 1,527,372</u>	<u>\$ 1,075,200</u>

Note 7—Net assets released from restrictions

Net assets were released from donor-imposed restrictions by the passage of time or incurring expenses satisfying the restricted purposes during the years ended March 31 as follows:

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions	\$ 375,000	\$ 500,000
Satisfaction of purpose restrictions:		
Program support	<u>494,017</u>	<u>124,309</u>
Total net assets released from restrictions	<u>\$ 869,017</u>	<u>\$ 624,309</u>

Note 8—Employee benefits

Haggai sponsors a defined contribution plan under which all employees are eligible to participate. Employees may defer a portion of their annual compensation pursuant to Section 401(k) of the IRC. Upon an employee's completion of minimum service requirements, Haggai matches 100% of the first 3% of each employee's contribution and 50% of the employee's contribution between 3% and 5% of eligible compensation. Haggai made contributions to the 401(k) plan of \$116,951 and \$117,253 for the years ended March 31, 2021 and 2020, respectively.

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Note 9—Leases

Haggai leases its primary office space under a lease agreement with monthly lease payments which increase on a yearly basis based upon increases in the Consumer Price Index. For the year ended March 31, 2021, the monthly lease payment was \$24,952. The current lease agreement expires April 30, 2022. Haggai also has operating leases for office equipment. Minimum annual future rentals under noncancelable operating leases for the years ending March 31 are as follows:

2022	\$	321,185
2023		34,859
2024		259
	\$	<u>356,303</u>

Rent expense totaled \$319,739 and \$312,288 for the years ended March 31, 2021 and 2020, respectively.

Note 10—Note payable

In December 2010, Haggai established a 10-year note payable with a commercial bank in the amount of \$5,000,000. The balance at March 31, 2021 and 2020 was \$207,661 and \$251,237, respectively. Effective February 2021, the note was amended to extend the term to December 2025 and fix the interest rate at 2.875% per annum. The borrowings are collateralized by Haggai's MPC which has a net book value of \$7,692,964 as of March 31, 2021. Haggai had a balance of \$22,048 and \$21,029 on deposit with this commercial bank at March 31, 2021 and 2020, respectively.

Future maturities of the term loan for the years ending March 31 are as follows:

2022	\$	41,301
2023		42,597
2024		43,832
2025		45,118
2026		34,813
	\$	<u>207,661</u>

Interest expense amounted to \$8,642 and \$11,195 for the years ended March 31, 2021 and 2020, respectively, and is included in miscellaneous expense in the consolidated statements of functional expenses.

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Note 11—Fair value measurements

Fair Value Measurement ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.

Level 2 – Inputs and information other than quoted market indices included in Level 1, that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for the asset or liability; and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 – Unobservable inputs for the asset or liability should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity and unobservable inputs reflect the reporting entities own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Haggai has segregated all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) and all nonfinancial assets and liabilities into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

- Money market and mutual funds are valued at the net asset value of shares held by Haggai at year-end, which are based on the quoted prices reported in the active market.
- Equities listed on national and international exchanges are principally valued at the regular trading session closing price on the exchange or market in which such securities are principally traded on the last business day of each period presented using the market approach.
- Government obligations, corporate bonds, and real estate securities are fixed income securities valued on the basis of evaluated prices provided by independent pricing services when such processes are believed to reflect the fair market value of such securities using the income approach.
- Mortgage-backed securities are asset-backed fixed income securities valued on the basis of evaluated prices provided by independent pricing services when such processes are believed to reflect the fair market value of such securities using the income approach.
- Split-interest agreements are valued at the present value of the expected future cash flows to be paid do the donors using assumptions regarding the discount rate and the expected mortality of the individual.

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Note 11—Fair value measurements (continued)

The following table summarizes those assets and liabilities measured at fair value on a recurring basis as of March 31, 2021:

	March 31, 2021			
	Total	Level 1	Level 2	Level 3
Assets				
Contributions receivable, net	\$ 133,700	\$ 133,700	\$ -	\$ -
Investments:				
Money market	3,169,996	3,169,996	-	-
Equities:				
Domestic stocks	6,939,548	6,939,548	-	-
International stocks	677,330	677,330	-	-
Mutual funds - domestic	8,125,231	8,125,231	-	-
Mutual funds - international	4,051,446	4,051,446	-	-
Mutual funds - precious metals	1,159,811	1,159,811	-	-
Fixed income:				
Mutual funds - domestic	4,304,582	4,304,582	-	-
Government obligations	709,211	-	709,211	-
Mortgage-backed securities	250,915	-	250,915	-
Corporate bonds	565,877	-	565,877	-
Total investments	<u>29,953,947</u>	<u>28,427,944</u>	<u>1,526,003</u>	<u>-</u>
Total assets	<u>\$ 30,087,647</u>	<u>\$ 28,561,644</u>	<u>\$ 1,526,003</u>	<u>\$ -</u>
Liabilities				
Annuities payable	<u>\$ 1,542,651</u>	<u>\$ -</u>	<u>\$ 1,542,651</u>	<u>\$ -</u>

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Note 11—Fair value measurements (continued)

The following table summarizes those assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

	March 31, 2020			
	Total	Level 1	Level 2	Level 3
Assets				
Contributions receivable, net	\$ 311,235	\$ -	\$ 311,235	\$ -
Investments:				
Money market	741,734	741,734	-	-
Equities:				
Domestic stocks	3,390,905	3,390,905	-	-
International stocks	719,176	719,176	-	-
Mutual funds - domestic	7,012,789	7,012,789	-	-
Mutual funds - international	1,529,259	1,529,259	-	-
Fixed income:				
Mutual funds - domestic	5,537,647	5,537,647	-	-
Mutual funds - international	539,815	539,815	-	-
Government obligations	867,220	-	867,220	-
Mortgage-backed securities	330,784	-	330,784	-
Corporate bonds	1,086,479	-	1,086,479	-
Total investments	<u>21,755,808</u>	<u>19,471,325</u>	<u>2,284,483</u>	<u>-</u>
Total assets	<u>\$ 22,067,043</u>	<u>\$ 19,471,325</u>	<u>\$ 2,595,718</u>	<u>\$ -</u>
Liabilities				
Annuities payable	<u>\$ 1,602,362</u>	<u>\$ -</u>	<u>\$ 1,602,362</u>	<u>\$ -</u>

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Note 12—Endowment funds

Haggai's endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Board has interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Haggai classifies as net assets with donor restrictions – restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions – restricted in perpetuity is classified as net assets with donor restrictions – restricted (for specific purpose or the passage of time) until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Haggai considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation and depreciation of investments.
- (6) Other resources of Haggai.
- (7) The investment policies of Haggai.

Haggai has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Haggai must hold in perpetuity or for a donor specified period(s) as well as board designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk.

To satisfy its long-term objectives, Haggai relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Haggai targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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Note 12—Endowment funds (continued)

The following is a summary of the asset allocation guidelines with allowable ranges for each asset type. The asset allocation may temporarily fluctuate outside of the allowable ranges from time to time based on market conditions and cash flow:

Asset Category	Minimum	Maximum
Cash	0%	5.00%
Fixed income	10.00%	20.00%
Equity	65.00%	75.00%
Precious metals	0%	10.00%

Over the long term, Haggai expects the current policy to allow its endowments to grow the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts. The Board has approved a policy allowing Haggai to begin withdrawing from the endowment effective April 2018. This annual amount was 8% of the December 31 balance from the previous year for the past two years. The Board approved 8% withdrawals for another year for the fiscal year ending March 31, 2022, subject to review each fiscal year.

Underwater Endowment Funds – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the applicable state law requires Haggai to retain as a fund of perpetual duration. Haggai has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of March 31, 2021. As of March 31, 2020, funds with original gift values of \$324,112, fair values of \$299,858, and deficiencies of \$24,254 were reported in net assets with donor restrictions. During the year, Haggai did not appropriate any expenditure from underwater endowments.

A summary of the endowment net asset composition by type of fund as of March 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 299,858	\$ 299,858
Accumulated earnings on donor restricted gift and amounts required to be maintained in perpetuity by donor	-	24,254	24,254
Board designated endowment funds	14,215,039	-	14,215,039
	<u>\$ 14,215,039</u>	<u>\$ 324,112</u>	<u>\$ 14,539,151</u>

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Note 12—Endowment funds (continued)

The changes in endowment assets for the year ended March 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets as of April 1, 2020	\$ 11,471,512	\$ 299,858	\$ 11,771,370
Investment return, net	3,843,527	24,254	3,867,781
Release from Board designated endowment funds	(1,100,000)	-	(1,100,000)
Endowment assets as of March 31, 2021	<u>\$ 14,215,039</u>	<u>\$ 324,112</u>	<u>\$ 14,539,151</u>

A summary of the endowment net asset composition by type of fund as of March 31, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 324,112	\$ 324,112
Accumulated losses on donor restricted gift and amounts required to be maintained in perpetuity by donor	-	(24,254)	(24,254)
Board designated endowment funds	11,471,512	-	11,471,512
	<u>\$ 11,471,512</u>	<u>\$ 299,858</u>	<u>\$ 11,771,370</u>

The changes in endowment assets for the year ended March 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets as of April 1, 2019	\$ 13,093,016	\$ 324,112	\$ 13,417,128
Investment loss, net	(979,790)	(24,254)	(1,004,044)
Release from board designated endowment funds	(641,714)	-	(641,714)
Endowment assets as of March 31, 2020	<u>\$ 11,471,512</u>	<u>\$ 299,858</u>	<u>\$ 11,771,370</u>

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Note 13—Related party transactions

Members of the Board and senior management may, from time to time, be associated either directly or indirectly with companies doing business with Haggai. For the Board and senior management, Haggai requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with Haggai. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of Haggai. Haggai has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she has material financial interest. Each trustee is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether Haggai does business with an entity in which a trustee has material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of Haggai and in accordance with applicable conflict of interest laws.

Note 14—Split-interest agreements

Haggai has a program to receive contributions under charitable gift annuities. Haggai has segregated these assets as separate and distinct funds, independent from other funds, and not to be applied to payment of the debts and obligations of Haggai or any other purpose other than annuity benefits specified in the agreements. In addition, this portfolio of assets meets all requirements concerning permissible investments and mandated reserves as required by law. Haggai agrees to pay a stated return annually to the donors for their lifetime, at which time the remaining assets are available for unrestricted use of Haggai.

At March 31, 2021 and 2020, the total assets held under split-interest agreements were approximately \$2,989,249 and \$2,469,743, respectively, and are included in investments on the consolidated statements of financial position.

Payables to donors as of March 31 consist of the following:

	<u>2021</u>	<u>2020</u>
Payables to donors	\$ 1,542,651	\$ 1,602,362

Payables to donors is the present value of the expected future cash flows to be paid to the donors. Assumptions are made regarding the discount rate and the expected mortality of the individual(s) if the termination of the agreement is dependent on life expectancy.

Note 15—Commitments

If MPC is sold or disposed of before November 14, 2026, Haggai would be required to return up to \$500,000 to a donor who contributed for the renovation.

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Note 16—Transactions with affiliated organizations

Haggai received the following contributions from affiliated organizations during the years ended March 31:

	<u>2021</u>	<u>2020</u>
Contributions received:		
Haggai Institute (Australia)	\$ 74,220	\$ 131,215
Haggai Advanced Leadership Training Limited (United Kingdom)	69,775	122,455
	<u>\$ 143,995</u>	<u>\$ 253,670</u>

Haggai made the following payments to affiliated organizations during the years ended March 31:

	<u>2021</u>	<u>2020</u>
Payments to:		
Haggai Institute (Australia)	\$ 33,407	\$ 43,009
Haggai Advanced Leadership Training Limited (United Kingdom)	57,329	52,545
	<u>\$ 90,736</u>	<u>\$ 95,554</u>

Note 17—Contingencies, risks, and uncertainties

COVID-19 – On March 11, 2020, the novel coronavirus disease (“COVID-19”) was declared a pandemic by the World Health Organization. On March 13, 2020, a national emergency was declared in the United States concerning the COVID-19 outbreak. The COVID-19 pandemic continues to have an impact on Haggai’s ministry activity, the future extent of which is currently not quantifiable. However, it is estimated that the impact, even if it is material, will not jeopardize the continuity of operations, as well as the financial commitments assumed.

PPP Loan – Haggai received a loan under the PPP for an amount of \$751,900, which was established under the CARES Act and administered by the Small Business Administration (“SBA”). The application for PPP loans required Haggai to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of Haggai. These certifications further required Haggai to take into account Haggai’s current business activity and ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that was not significantly detrimental to the business. The forgiveness of the PPP loan was dependent on Haggai qualifying for the forgiveness of such loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. Haggai applied for forgiveness with the SBA and was notified on November 27, 2020 that the SBA had forgiven the PPP loan in full. As a result, Haggai reported \$751,900 for PPP loan forgiveness in other income on the consolidated statements of activities which was accounted for as a conditional contribution.

In the unlikely event that the SBA determines the PPP loan was not properly obtained and/or expenditures supporting forgiveness were not appropriate, Haggai would need to repay some or all of the PPP loan and record additional expense which could be material in a future period.

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Note 17—Contingencies, risks, and uncertainties (continued)

ERC – The CARES Act also provided an ERC which was a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through year end. Haggai qualified for the credit beginning on March 13, 2020 through December 31, 2020.

The Consolidated Appropriations Act, 2021 extended and expanded the availability of the ERC through June 30, 2021. Subsequently, the American Rescue Plan Act of 2021, enacted on March 11, 2021, extended and expanded the availability of the ERC through December 31, 2021, however, certain provisions apply only after December 31, 2020. This new legislation amended the ERC to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before January 1, 2022. During calendar year 2021, a maximum of \$10,000 in qualified wages for each employee per qualifying calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer is \$7,000 per employee per qualifying calendar quarter of 2021. Haggai qualified for the ERC for quarters that have had operations fully or partially suspended because of a governmental order including international travel restrictions.

During the fiscal year ended March 31, 2021, Haggai recorded \$589,593 related to the ERC in other income on the Consolidated Statements of Activities and within other assets on the consolidated statements of financial position.

Note 18—Subsequent events

Haggai has evaluated subsequent events from the consolidated statement of financial position date of March 31, 2021 through July 19, 2021, the date the consolidated financial statements were available to be issued, and determined that there were no material subsequent events requiring adjustment to or disclosure in the consolidated financial statements for the year ended March 31, 2021.

SUPPLEMENTARY INFORMATION

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2021

	General Operating Fund	Endowment Fund	Annuity Fund	Arizona Friends of Haggai Fund	Consolidated
ASSETS					
Cash and cash equivalents	\$ 3,952,529	\$ -	\$ 54,882	\$ -	\$ 4,007,411
Investments	7,739,069	14,539,150	2,934,366	4,741,362	29,953,947
Contributions receivable, net	133,700	-	-	-	133,700
Property and equipment, net	8,440,796	-	-	-	8,440,796
Other assets	886,384	-	-	-	886,384
Total Assets	\$ 21,152,478	\$ 14,539,150	\$ 2,989,248	\$ 4,741,362	\$ 43,422,238
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable, accrued expenses, and deferred revenues	\$ 1,069,380	\$ -	\$ -	\$ -	\$ 1,069,380
Annuities payable	-	-	1,542,651	-	1,542,651
Note payable	207,661	-	-	-	207,661
Total Liabilities	1,277,041	-	1,542,651	-	2,819,692
Net Assets:					
Without Donor Restrictions:					
Board designated for upcoming fiscal year budget deficit	2,621,752	-	-	-	2,621,752
Board designated for strategic initiatives	646,306	-	-	-	646,306
Board designated for annuities	-	-	1,446,597	-	1,446,597
Board designated endowment funds	-	14,215,039	-	-	14,215,039
Arizona Friends of the Haggai Institute	-	-	-	4,741,362	4,741,362
Invested in property and equipment, net	8,440,796	-	-	-	8,440,796
Undesignated	6,963,322	-	-	-	6,963,322
Total Without Donor Restrictions	18,672,176	14,215,039	1,446,597	4,741,362	39,075,174
With Donor Restrictions:					
Restricted for specified purpose	1,069,561	-	-	-	1,069,561
Restricted for the passage of time	133,700	-	-	-	133,700
Endowments	-	324,111	-	-	324,111
Total With Donor Restrictions	1,203,261	324,111	-	-	1,527,372
Total Net Assets	19,875,437	14,539,150	1,446,597	4,741,362	40,602,546
Total Liabilities and Net Assets	\$ 21,152,478	\$ 14,539,150	\$ 2,989,248	\$ 4,741,362	\$ 43,422,238

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

MARCH 31, 2020

	General Operating Fund	Endowment Fund	Annuity Fund	Arizona Friends of Haggai Fund	Consolidated
ASSETS					
Cash and cash equivalents	\$ 3,233,557	\$ -	\$ 54,931	\$ -	\$ 3,288,488
Investments	3,821,239	11,771,370	2,414,812	3,748,387	21,755,808
Contributions receivable, net	311,235	-	-	-	311,235
Property and equipment, net	9,930,614	-	-	-	9,930,614
Other assets	298,925	-	-	-	298,925
Total Assets	\$ 17,595,570	\$ 11,771,370	\$ 2,469,743	\$ 3,748,387	\$ 35,585,070
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable, accrued expenses, and deferred revenues	\$ 1,639,103	\$ -	\$ -	\$ -	\$ 1,639,103
Annuities payable	-	-	1,602,362	-	1,602,362
Note payable	251,237	-	-	-	251,237
Total Liabilities	1,890,340	-	1,602,362	-	3,492,702
Net Assets:					
Without Donor Restrictions:					
Board designated for upcoming fiscal year budget deficit	2,260,217	-	-	-	2,260,217
Board designated for strategic initiatives	744,368	-	-	-	744,368
Board designated for annuities	-	-	867,381	-	867,381
Board designated endowment funds	-	11,471,512	-	-	11,471,512
Arizona Friends of the Haggai Institute	-	-	-	3,748,387	3,748,387
Invested in property and equipment, net	9,930,614	-	-	-	9,930,614
Undesignated	1,994,689	-	-	-	1,994,689
Total Without Donor Restrictions	14,929,888	11,471,512	867,381	3,748,387	31,017,168
With Donor Restrictions:					
Restricted for specified purpose	464,107	-	-	-	464,107
Restricted for the passage of time	311,235	-	-	-	311,235
Endowments	-	299,858	-	-	299,858
Total With Donor Restrictions	775,342	299,858	-	-	1,075,200
Total Net Assets	15,705,230	11,771,370	867,381	3,748,387	32,092,368
Total Liabilities and Net Assets	\$ 17,595,570	\$ 11,771,370	\$ 2,469,743	\$ 3,748,387	\$ 35,585,070

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions				With Donor Restrictions	Consolidated
	General Operating Fund	Endowment Fund	Annulity Fund	Arizona Friends of Haggal Fund		
Revenue and Other Support:						
Contributions and bequests from private foundations and the general public	\$ 7,776,425	\$ -	\$ -	\$ -	\$ 1,271,935	\$ 9,048,360
Contributions from trustees	1,879,867	-	-	-	25,000	1,904,867
Total Contributions Revenue	9,656,292	-	-	-	1,296,935	10,953,227
Participants' fees	52,600	-	-	-	-	52,600
Receipts from affiliated organizations	143,995	-	-	-	-	143,995
Other	56,019	-	-	-	-	56,019
Net assets released from restrictions	869,017	-	-	-	(869,017)	-
Total Revenue and Other Support	10,777,923	-	-	-	427,918	11,205,841
Expenses:						
Program Services:						
Developing Countries Ministry and Leadership Training	6,293,876	-	-	-	-	6,293,876
Developed Countries Ministry	998,477	-	-	-	-	998,477
Total Program Services	7,292,353	-	-	-	-	7,292,353
Supporting Services:						
Fundraising	2,410,878	-	-	-	-	2,410,878
Management and general	1,336,701	-	-	15,578	-	1,352,279
Total Supporting Services	3,747,579	-	-	15,578	-	3,763,157
Total Expenses Before Other Income	11,039,932	-	-	15,578	-	11,055,510
Other Income:						
Paycheck Protection Program loan forgiveness	751,900	-	-	-	-	751,900
Employee Retention Credit	589,593	-	-	-	-	589,593
Total Other Income	1,341,493	-	-	-	-	1,341,493
Total Net Expenses	9,698,439	-	-	15,578	-	9,714,017
Change in net assets before investment return, net	1,079,484	-	-	(15,578)	427,918	1,491,824
Investment return, net	1,129,696	3,843,527	780,266	1,441,661	24,254	7,219,404
Change in value of split-interest agreements	-	-	(201,050)	-	-	(201,050)
Interfund transfers	1,533,108	(1,100,000)	-	(433,108)	-	-
Change in net assets	3,742,288	2,743,527	579,216	992,975	452,172	8,510,178
Net assets, beginning of year	14,929,888	11,471,512	867,381	3,748,387	1,075,200	32,092,368
Net assets, end of year	\$ 18,672,176	\$ 14,215,039	\$ 1,446,597	\$ 4,741,362	\$ 1,527,372	\$ 40,602,546

**HAGGAI INTERNATIONAL INSTITUTE FOR ADVANCED LEADERSHIP TRAINING, INC.
AND SUBSIDIARY**
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2020

	Without Donor Restrictions				With Donor Restrictions	Consolidated
	General Operating Fund	Endowment Fund	Annuity Fund	Arizona Friends of Haggai Fund		
Revenue and Other Support:						
Contributions and bequests from private foundations and the general public	\$ 7,195,705	\$ -	\$ -	\$ -	\$ 531,269	\$ 7,726,974
Contributions from trustees	2,485,264	-	-	-	12,500	2,497,764
Total Contributions Revenue	9,680,969	-	-	-	543,769	10,224,738
Participants' fees	625,439	-	-	-	-	625,439
Receipts from affiliated organizations	253,670	-	-	-	-	253,670
Other	29,837	-	-	-	-	29,837
Net assets released from restrictions	624,309	-	-	-	(624,309)	-
Total Revenue and Other Support	11,214,224	-	-	-	(80,540)	11,133,684
Expenses:						
Program Services:						
Developing Countries Ministry and Leadership Training	9,689,119	-	-	-	-	9,689,119
Developed Countries Ministry	1,174,212	-	-	-	-	1,174,212
Total Program Services	10,863,331	-	-	-	-	10,863,331
Supporting Services:						
Fundraising	2,944,128	-	-	-	-	2,944,128
Management and general	1,370,959	-	-	6,747	-	1,377,706
Total Supporting Services	4,315,087	-	-	6,747	-	4,321,834
Total Expenses Before Loss on Contributions Receivable, Net	15,178,418	-	-	6,747	-	15,185,165
Loss on contributions receivable, net	465,132	-	-	-	-	465,132
Total Net Expenses	15,643,550	-	-	6,747	-	15,650,297
Change in net assets before investment loss, net	(4,429,326)	-	-	(6,747)	(80,540)	(4,516,613)
Investment loss, net	(110,952)	(979,790)	(198,395)	(498,834)	(24,254)	(1,812,225)
Change in value of split-interest agreements	-	-	(181,174)	-	-	(181,174)
Interfund transfers	728,890	(641,714)	(87,176)	-	-	-
Change in net assets	(3,811,388)	(1,621,504)	(466,745)	(505,581)	(104,794)	(6,510,012)
Net assets, beginning of year	18,741,276	13,093,016	1,334,126	4,253,968	1,179,994	38,602,380
Net assets, end of year	\$ 14,929,888	\$ 11,471,512	\$ 867,381	\$ 3,748,387	\$ 1,075,200	\$ 32,092,368