



CONSOLIDATED FINANCIAL STATEMENTS

ALIGHT AND RELATED ENTITIES

**FOR THE YEARS ENDED
MARCH 31, 2021 AND 2020**

ALIGHT AND RELATED ENTITIES

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alight and Related Entities
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of Alight (formerly, the American Refugee Committee) and related entities, which comprise the consolidated statements of financial position as of March 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRF CPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position, Consolidating Schedule of Activities and Consolidating Schedule of Change in Net Assets on pages 25 - 27 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2021 on our consideration of Alight and related entities' 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 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 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 Alight and related entities' internal control over financial reporting and compliance.



August 27, 2021

ALIGHT AND RELATED ENTITIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2021 AND 2020

ASSETS

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------------|-----------------------------|
| Cash and cash equivalents | \$ 11,912,046 | \$ 8,032,514 |
| Investments | 898,420 | 640,053 |
| Grants receivable | 32,540,306 | 27,788,450 |
| Pledges receivable | 186,800 | 357,400 |
| Other receivables | 90,469 | 398,979 |
| Inventory | 117,029 | 128,830 |
| Prepaid expenses | 864,023 | 1,077,263 |
| Property, furniture, equipment and software, net of accumulated depreciation and amortization of \$1,575,163 and \$1,568,602 at March 31, 2021 and 2020, respectively | 2,344,336 | 2,788,184 |
| Deposits | <u>116,943</u> | <u>107,627</u> |
| TOTAL ASSETS | <u>\$ 49,070,372</u> | <u>\$ 41,319,300</u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | | |
|---------------------------------------|------------------|------------------|
| Accounts payable and accrued expenses | \$ 1,904,362 | \$ 2,658,060 |
| Grants payable | 910,343 | 578,166 |
| Accrued salaries and benefits | 5,888,345 | 4,634,682 |
| Deferred revenue | <u>6,334</u> | <u>-</u> |
| Total liabilities | <u>8,709,384</u> | <u>7,870,908</u> |

NET ASSETS

| | | |
|---|-----------------------------|-----------------------------|
| Without donor restrictions: | | |
| Alight | 1,492,046 | 629,419 |
| Related Entities: | | |
| Controlling interest | 2,712,787 | 3,346,100 |
| Noncontrolling interest | <u>195,704</u> | <u>-</u> |
| Total net assets without donor restrictions | <u>4,400,537</u> | <u>3,975,519</u> |
| With donor restrictions: | | |
| Alight | 30,652,992 | 23,680,374 |
| Related Entities: | | |
| Controlling interest | <u>5,307,459</u> | <u>5,792,499</u> |
| Total net assets with donor restrictions | <u>35,960,451</u> | <u>29,472,873</u> |
| Total net assets | <u>40,360,988</u> | <u>33,448,392</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 49,070,372</u> | <u>\$ 41,319,300</u> |

ALIGHT AND RELATED ENTITIES

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020**

| | 2021 | | |
|---|---|------------------------------------|-----------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE AND SUPPORT | | | |
| Contributions and grants: | | | |
| Contributions | \$ 7,296,035 | \$ 3,300,317 | \$ 10,596,352 |
| U.S. Government grants | - | 28,471,577 | 28,471,577 |
| United Nations grants | - | 22,167,767 | 22,167,767 |
| Private and other support | 642,614 | 9,002,389 | 9,645,003 |
| Interest and investment (loss) income, net | (1,070) | 213,494 | 212,424 |
| Other revenue | 1,519,858 | - | 1,519,858 |
| Net assets released from donor restrictions | <u>56,667,966</u> | <u>(56,667,966)</u> | <u>-</u> |
| Total revenue and support | <u>66,125,403</u> | <u>6,487,578</u> | <u>72,612,981</u> |
| EXPENSES | | | |
| Program Services: | | | |
| International Programs | <u>58,245,252</u> | <u>-</u> | <u>58,245,252</u> |
| Supporting Services: | | | |
| General and Administrative | 6,071,182 | - | 6,071,182 |
| Fundraising | <u>2,588,957</u> | <u>-</u> | <u>2,588,957</u> |
| Total supporting services | <u>8,660,139</u> | <u>-</u> | <u>8,660,139</u> |
| Total expenses | <u>66,905,391</u> | <u>-</u> | <u>66,905,391</u> |
| CHANGE IN NET ASSETS | <u><u>\$ (779,988)</u></u> | <u><u>\$ 6,487,578</u></u> | <u><u>\$ 5,707,590</u></u> |

ALIGHT AND RELATED ENTITIES

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

| | 2020 | | |
|---|---|------------------------------------|----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE AND SUPPORT | | | |
| Contributions and grants: | | | |
| Contributions | \$ 7,706,472 | \$ 4,010,635 | \$ 11,717,107 |
| U.S. Government grants | - | 29,810,022 | 29,810,022 |
| United Nations grants | - | 16,235,848 | 16,235,848 |
| Private and other support | - | 8,024,859 | 8,024,859 |
| State and local government grants | 280,997 | - | 280,997 |
| Interest and investment income (loss) net | 3,542 | (10,197) | (6,655) |
| Other revenue | 1,117,219 | - | 1,117,219 |
| Net assets released from donor restrictions | <u>56,336,846</u> | <u>(56,336,846)</u> | <u>-</u> |
| Total revenue and support | <u>65,445,076</u> | <u>1,734,321</u> | <u>67,179,397</u> |
| EXPENSES | | | |
| Program Services: | | | |
| International Programs | <u>57,961,382</u> | <u>-</u> | <u>57,961,382</u> |
| Supporting Services: | | | |
| General and Administrative | 7,628,036 | - | 7,628,036 |
| Fundraising | <u>2,496,222</u> | <u>-</u> | <u>2,496,222</u> |
| Total supporting services | <u>10,124,258</u> | <u>-</u> | <u>10,124,258</u> |
| Total expenses | <u>68,085,640</u> | <u>-</u> | <u>68,085,640</u> |
| CHANGE IN NET ASSETS | <u>\$ (2,640,564)</u> | <u>\$ 1,734,321</u> | <u>\$ (906,243)</u> |

ALIGHT AND RELATED PARTIES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021**

| | Program Services | Supporting Services | | | Total Expenses |
|--------------------------------------|---------------------------|-------------------------------|---------------------|---------------------------------|----------------------|
| | International Programs | General and Administrative | Fundraising | Total Supporting Services | |
| Salaries | \$ 23,237,650 | \$ 3,006,678 | \$ 1,144,510 | \$ 4,151,188 | \$ 27,388,838 |
| Employee benefits | 4,897,560 | 689,473 | 255,007 | 944,480 | 5,842,040 |
| Payroll taxes | 1,025,430 | 189,832 | 84,044 | 273,876 | 1,299,306 |
| Printing and publishing | 108,402 | 9,847 | 3,337 | 13,184 | 121,586 |
| Education and training | 2,794,511 | 1,271 | - | 1,271 | 2,795,782 |
| Legal | 88,010 | 99,780 | 43,211 | 142,991 | 231,001 |
| Occupancy | 1,984,077 | 240,453 | 71,562 | 312,015 | 2,296,092 |
| Accounting | 286,727 | 154,646 | - | 154,646 | 441,373 |
| Insurance | 321,515 | 40,394 | 5,709 | 46,103 | 367,618 |
| Depreciation and amortization | 227,067 | 216,079 | 2,702 | 218,781 | 445,848 |
| Telephone | 597,535 | 17,907 | 3,521 | 21,428 | 618,963 |
| Travel and transportation | 3,500,449 | 37,764 | 7,257 | 45,021 | 3,545,470 |
| Postage and delivery | 103,271 | 15,346 | 88,883 | 104,229 | 207,500 |
| Office supplies | 476,492 | 41,148 | 6,569 | 47,717 | 524,209 |
| Membership and dues | 43,529 | 81,939 | 1,405 | 83,344 | 126,873 |
| Meetings and conferences | 84,870 | 22,215 | 1,434 | 23,649 | 108,519 |
| Advertising and recruiting | 109,190 | 145,812 | 247,490 | 393,302 | 502,492 |
| Currency loss | 84,088 | (1,838) | - | (1,838) | 82,250 |
| Bank charges and interest expense | 183,174 | 46,028 | 74,944 | 120,972 | 304,146 |
| Equipment maintenance | 602,376 | 7,756 | 48 | 7,804 | 610,180 |
| Purchased services | 2,091,388 | 943,735 | 539,748 | 1,483,483 | 3,574,871 |
| Equipment | 747,265 | 59,852 | 7,576 | 67,428 | 814,693 |
| Grants | 2,291,251 | - | - | - | 2,291,251 |
| Construction | 1,964,539 | - | - | - | 1,964,539 |
| Program supplies | 10,350,737 | - | - | - | 10,350,737 |
| Other | 44,149 | 5,065 | - | 5,065 | 49,214 |
| TOTAL | \$ 58,245,252 | \$ 6,071,182 | \$ 2,588,957 | \$ 8,660,139 | \$ 66,905,391 |

ALIGHT AND RELATED PARTIES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020**

| | Program Services | | Supporting Services | | Total Expenses |
|-----------------------------------|------------------------|----------------------------|---------------------|---------------------------|----------------------|
| | International Programs | General and Administrative | Fundraising | Total Supporting Services | |
| Salaries | \$ 22,465,167 | \$ 3,235,960 | \$ 1,128,239 | \$ 4,364,199 | \$ 26,829,366 |
| Employee benefits | 4,299,426 | 647,688 | 237,440 | 885,128 | 5,184,554 |
| Payroll taxes | 1,125,479 | 218,717 | 85,847 | 304,564 | 1,430,043 |
| Printing and publishing | 133,106 | 91,714 | 4,767 | 96,481 | 229,587 |
| Education and training | 3,909,410 | 176 | - | 176 | 3,909,586 |
| Legal | 80,111 | 105,097 | 55,807 | 160,904 | 241,015 |
| Occupancy | 2,057,200 | 301,488 | 85,697 | 387,185 | 2,444,385 |
| Accounting | 233,149 | 194,732 | - | 194,732 | 427,881 |
| Insurance | 305,091 | 47,032 | 7,242 | 54,274 | 359,365 |
| Depreciation and amortization | 457,730 | 15,638 | 4,613 | 20,251 | 477,981 |
| Telephone | 503,094 | 37,429 | 3,196 | 40,625 | 543,719 |
| Travel and transportation | 5,487,978 | 512,232 | 136,554 | 648,786 | 6,136,764 |
| Postage and delivery | 105,932 | 8,129 | 74,523 | 82,652 | 188,584 |
| Office supplies | 467,383 | 141,599 | 21,485 | 163,084 | 630,467 |
| Membership and dues | 61,921 | 65,729 | 3,320 | 69,049 | 130,970 |
| Meetings and conferences | 396,702 | 150,307 | 63,998 | 214,305 | 611,007 |
| Advertising and recruiting | 72,555 | 228,844 | 1,491 | 230,335 | 302,890 |
| Currency loss | 110,609 | 2,967 | 23 | 2,990 | 113,599 |
| Bank charges and interest expense | 189,923 | 95,902 | 79,354 | 175,256 | 365,179 |
| Equipment maintenance | 608,497 | 7,275 | 609 | 7,884 | 616,381 |
| Purchased services | 2,220,486 | 1,445,447 | 490,454 | 1,935,901 | 4,156,387 |
| Equipment | 1,312,018 | 73,480 | 11,563 | 85,043 | 1,397,061 |
| Grants | 3,022,149 | - | - | - | 3,022,149 |
| Construction | 1,375,426 | - | - | - | 1,375,426 |
| Program supplies | 6,936,701 | - | - | - | 6,936,701 |
| Other | 24,139 | 454 | - | 454 | 24,593 |
| TOTAL | \$ 57,961,382 | \$ 7,628,036 | \$ 2,496,222 | \$ 10,124,258 | \$ 68,085,640 |

ALIGHT AND RELATED ENTITIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

| | Without Donor Restrictions | | | | With Donor Restrictions | | | |
|--|----------------------------|----------------------|-------------------------|---------------------|-------------------------|----------------------|----------------------|----------------------|
| | Alight | Related Entities | | Total | Alight | Related Entities | | Total |
| | | Controlling Interest | Noncontrolling Interest | | | Controlling Interest | Total | |
| BALANCE AT MARCH 31, 2019 | \$ 6,210,032 | \$ 1,975,610 | \$ - | \$ 8,185,642 | \$ 25,312,995 | \$ 3,920,568 | \$ 29,233,563 | \$ 37,419,205 |
| Transfer of net assets - ECI | - | 565,690 | - | 565,690 | - | 98,550 | 98,550 | 664,240 |
| Transfer of net assets - ECI Asili | (1,686,155) | 1,686,155 | - | - | (1,287,049) | 1,287,049 | - | - |
| Transfer of net assets - Upwardly Global | - | (2,135,249) | - | (2,135,249) | - | (1,593,561) | (1,593,561) | (3,728,810) |
| Change in net assets | <u>(3,894,458)</u> | <u>1,253,894</u> | <u>-</u> | <u>(2,640,564)</u> | <u>(345,572)</u> | <u>2,079,893</u> | <u>1,734,321</u> | <u>(906,243)</u> |
| BALANCE AT MARCH 31, 2020 | 629,419 | 3,346,100 | - | 3,975,519 | 23,680,374 | 5,792,499 | 29,472,873 | 33,448,392 |
| Stock issuance | - | - | 1,205,041 | 1,205,041 | - | - | - | 1,205,041 |
| Stock redemption | - | - | (35) | (35) | - | - | - | (35) |
| Change in net assets | <u>862,627</u> | <u>(633,313)</u> | <u>(1,009,302)</u> | <u>(779,988)</u> | <u>6,972,618</u> | <u>(485,040)</u> | <u>6,487,578</u> | <u>5,707,590</u> |
| BALANCE AT MARCH 31, 2021 | <u>\$ 1,492,046</u> | <u>\$ 2,712,787</u> | <u>\$ 195,704</u> | <u>\$ 4,400,537</u> | <u>\$ 30,652,992</u> | <u>\$ 5,307,459</u> | <u>\$ 35,960,451</u> | <u>\$ 40,360,988</u> |

See accompanying notes to consolidated financial statements.

ALIGHT AND RELATED ENTITIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020**

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ 5,707,590 | \$ (906,243) |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 445,848 | 477,981 |
| Net realized and unrealized (gain) loss on investments | (208,286) | 73,261 |
| Net asset transfer from ECI | - | 664,240 |
| Net asset transfer (to) Upwardly Global | - | (3,728,810) |
| Fixed assets transferred from ECI | - | 154,360 |
| Alight investment in Kuja Kuja | 205,041 | - |
| (Increase) decrease in: | | |
| Grants receivable | (4,751,856) | (815,430) |
| Pledges receivable | 170,600 | 184,180 |
| Other receivables | 308,510 | 66,055 |
| Inventory | 11,801 | (120,326) |
| Prepaid expenses | 213,240 | (62,001) |
| Deposits | (9,316) | 47,544 |
| (Decrease) increase in: | | |
| Accounts payable and accrued expenses | (753,698) | 1,034,564 |
| Grants payable | 332,177 | 254,438 |
| Deferred revenue | 6,334 | (168,105) |
| Accrued salaries and benefits | <u>1,253,663</u> | <u>(608,089)</u> |
| Net cash provided (used) by operating activities | <u>2,931,648</u> | <u>(3,452,381)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property, furniture, equipment and software | (2,000) | (77,180) |
| Net purchase of investments | <u>(50,081)</u> | <u>(7,280)</u> |
| Net cash used by investing activities | <u>(52,081)</u> | <u>(84,460)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from the issuance of stock | 1,000,000 | - |
| Redemption of stock | <u>(35)</u> | <u>-</u> |
| Net cash provided by financing activities | <u>999,965</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 3,879,532 | (3,536,841) |
| Cash and cash equivalents at beginning of year | <u>8,032,514</u> | <u>11,569,355</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 11,912,046</u> | <u>\$ 8,032,514</u> |
| SUPPLEMENTAL INFORMATION: | | |
| Interest Paid | <u>\$ 10,679</u> | <u>\$ 50,392</u> |

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Alight is a non-profit organization, incorporated in 1978, working to build a meaningful life for and with the displaced. Alight's work includes providing health care, clean water, shelter, protection and other essential services to more than 3 million people each year. Alight believes there is simple human justice in the chance to build a life, and lives of dignity, connection, joy and purpose are what we aim for. Alight is pioneering a new kind of human institution oriented to people and their abundance. One that centers itself on the lived experience of the people it serves and provides them with just, human-worthy services. One that lionizes proximity to the customer and invites all people to envision and co-create solutions. Alight's programs during the two years ending March 31, 2021 and 2020 operated in Rwanda, Somalia, Uganda, Sudan, South Sudan, Pakistan, Thailand, Democratic Republic of the Congo, Syria, Jordan, Myanmar, Columbia, Ethiopia, Mexico, El Salvador, the USA, Cambodia, Vietnam, and Laos.

The consolidated financial statements include the operations of Alight, two for-profit organizations, and several non-profit organizations (collectively, related entities) in which Alight's Board of Directors maintain control through governance arrangements with each organization. The agreements with the related entities allow each of the organizations to retain their unique identities, values and leadership, while leveraging each entities strengths and unique qualities.

Following is a description of each of the related entities:

- WikiRelief, LLC. is an inactive for-profit wholly owned organization established in April 2013. As of March 31, 2021, Alight liquidated and dissolved WikiRelief, LLC.
- Kuja Kuja, Inc. is a for-profit majority owned organization incorporated as a Delaware C-corporation to operate as a for-profit social enterprise. The formation of Kuja Kuja, Inc. was completed effective April 1, 2020, whereby Alight transferred its Kuja Kuja business unit valued at \$1,230,000 to Kuja Kuja, Inc. and received Kuja Kuja, Inc. Common Stock in exchange. As of March 31, 2021, Alight held 583,700 shares of Kuja Kuja's Common Stock representing 82.739% equity and voting ownership. Three individuals and two organizations own the remaining 17.261% equity and voting ownership, which represents the noncontrolling interest in the accompanying consolidated financial statements.
- Questscope, LTD. is a non-profit organization with registration in the United States. Questscope, LTD. is a supporting organization for Questscope. Questscope is a UK registered charity under the United Kingdom Articles of Charitable Companies. Questscope is also legally registered to conduct business in the Hashimite Kingdom of Jordan (Jordan). Both Questscope, LTD. and Questscope receive grants and contributions to manage educational and refugee programs in Jordan and Syria.
- ORAM – Organization for Refuge, Asylum and Migration (ORAM), is a non-profit organization incorporated in 2008 in the state of California and registered in Germany. ORAM advocates for the protection and well-being of extremely vulnerable LGBTIQ asylum seekers and refugees globally and is recognized as the first international non-profit to assist people fleeing persecution based on their sexual orientation or gender identity and has since become a thought leader in LGBTIQ migration. ORAM has a long history educating and training refugee professionals on the particular needs of LGBTIQ asylum seekers and refugees and supporting them navigate the long asylum and resettlement process. ORAM collaborates with international organizations, local partners and its beneficiaries to ensure that the programmatic work is built from the ground up and meets the needs of people where they are, focusing on empowerment of the community and sustainability of its programs.

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

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

Organization (continued) -

- ECI - Eastern Congo Initiative and Affiliate (ECI) is a public charity incorporated in 2011 in the state of Washington and registered in the Democratic Republic of Congo (DRC). ECI is the first U.S. based advocacy and grant making initiative wholly focused on working with and for the people of the DRC. ECI joined the Alight organization on September 30th, 2019 with Alight established as the sole voting member. By this agreement, Alight moved the Asili project into the ECI organization. Asili is a social enterprise organization in the DRC that supports water, medical care, and agricultural services to local communities. ECI's mission is to increase the quality and quantity of investments into DRC through Congolese led solutions, collaborative partnerships, and by promoting public policy changes through grassroots advocacy.
- Upwardly Global is a registered non-profit benefit corporation in the state of California. Upwardly Global provides immigrants, refugees, and political asylees the tools and training they need to rebuild their professional careers in the USA and promotes immigrant inclusion in the workplace by providing education, employee engagement and placement services to employers. Upwardly Global was a consolidated entity for part of the year ending March 31, 2020, see footnote 12.

Principles of consolidation -

The consolidated financial statements include the assets, liabilities and activities and change in net assets of Alight and related entities, WikiRelief, LLC., Kuja Kuja, Inc., Questscope, LTD., Questscope, ORAM and ECI and Upwardly Global. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) ASC 958-810, *Not-for-Profit Entities, Consolidation* and with the FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-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". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than Alight and related entities' mission and purpose. Some donor imposed restrictions 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.

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

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

Cash and cash equivalents -

Alight and related entities consider all cash and other highly liquid investments with initial maturities of three months or less, and funds invested with local banks in foreign countries, to be cash equivalents.

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

Alight and related entities had approximately \$6,712,400 and \$7,144,300 of cash on hand and cash at financial institutions in foreign countries at March 31, 2021 and 2020, respectively. The majority of such funds are not insured.

Foreign currency translation -

The U.S. Dollar (Dollars) is the functional currency of Alight and related entities' worldwide operations. Transactions in currencies other than dollars are re-measured into dollars at the rate of exchange in effect at the time of the transaction. Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Consolidated Statements of Financial Position. The effect of these conversions are recorded in the Consolidated Statements of Activities.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in interest and investment income net of investment expenses provided by external investment advisors in the Consolidated Statements of Activities.

Grants, pledges and other receivables -

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

Inventory -

Inventory consists of water, medicine and water system construction supplies and is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 Simplifying the Measurement of Inventory.

Property, furniture, equipment and software -

Property, furniture, equipment and software, which cost in excess of \$5,000, are capitalized and stated at cost. Depreciation of furniture and equipment is depreciated over useful lives ranging from three to five years.

Buildings and water systems, all of which are located in the Democratic Republic of Congo (DRC), are being depreciated over 10 years for buildings and 20 years for water systems. Construction in progress of water systems is included in the water systems total. Computer software including internally developed software is being amortized over five years.

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

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

Income taxes -

Alight is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Alight is not a private foundation.

For the purpose of corporate tax reporting, WikiRelief, LLC is considered a disregarded entity and all financial transactions are reported with Alight.

Kuja Kuja, Inc. is considered a for-profit C-corporation for Federal income tax purposes and is subject to tax on any profit during the given fiscal year. Kuja Kuja, Inc. incurred a net operating loss for the year ended March 31, 2021. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

Questscope, LTD., ORAM, ECI and Upwardly Global are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

Questscope is registered under the United Kingdom Articles of Charitable Companies, as a charity within the definition of Section 506(1) Income and Corporation Tax Act 1988, and is therefore able to take advantage of the relief given by Section 505 of that act.

Eastern Congo Initiative – Democratic Republic of Congo and Asili have been granted tax exempt status within the Democratic Republic of Congo. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

The aforementioned entities are not private foundations.

Uncertain tax positions -

For the years ended March 31, 2021 and 2020, Alight and related entities have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Revenue and support -

The majority of Alight and related entities' revenue is received through grants and contributions from the U.S. and foreign governments, international organizations and other entities. Grants and contributions are recognized in the appropriate category of net assets in the period received. Alight and related entities perform an analysis of the individual grant and contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Grants and contributions that are deemed to be nonreciprocal in nature that have donor restrictions are recorded as "with donor restrictions" revenue until such actual expenses have been incurred or through the passage of time that satisfies the donor-imposed restrictions.

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

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

Revenue and support (continued) -

Upon the satisfaction of the donor-imposed restrictions, net assets are reclassified from “with donor restriction” revenue to “without donor restrictions” revenue.

Funds received from donor restricted grants and contributions in excess of expenses incurred or for which the time restriction has not passed are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Advertising -

Included in total expenses are advertising costs in the amount of \$1,096,174 and \$259,507 for the years ended March 31, 2021 and 2020, respectively.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

Risks and uncertainties -

Alight and related entities invest 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 consolidated financial statements.

Kuja Kuja, Inc. has incurred net losses, and utilized cash in operations since inception, has an accumulated deficit as of March 31, 2021, of \$1,096,174, as well as expects to incur future additional losses. Kuja Kuja, Inc. has cash available on hand and bridge loan commitments in the total amount of \$400,000 from two of the stockholders and believes that this cash and the bridge loans, if needed, will be sufficient to fund operations and meet its obligations as they come due within one year from the date these financial statements are issued. In the event that the Company does not achieve revenue anticipated in its current operating plan, management has the ability and commitment to reduce operating expenses as necessary. The Company's long-term success is dependent upon its ability to successfully raise additional capital, market its existing services, increase revenues, and, ultimately, to achieve profitable operations.

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

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

Risks and uncertainties (continued) -

Kuja Kuja, Inc.'s financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Fair value measurement -

Alight and related entities adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. Alight and related entities account for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncement not yet adopted -

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

Alight and related entities plan to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

Economic uncertainties -

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

2. INVESTMENTS

Investments consisted of the following at March 31, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|---------------------------|--------------------------|--------------------------|
| | <u>Fair Value</u> | <u>Fair Value</u> |
| U.S. Treasury Notes | \$ 61,507 | \$ 62,465 |
| S&P 500 Index Mutual Fund | 518,119 | 331,416 |
| Certificates of Deposit | <u>318,794</u> | <u>246,172</u> |
| TOTAL INVESTMENTS | <u>\$ 898,420</u> | <u>\$ 640,053</u> |

ALIGHT AND RELATED ENTITIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

2. INVESTMENTS (Continued)

Included in interest and investment income (loss), net of investment management fees, are the following at March 31, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--|--------------------------|--------------------------|
| Interest and dividends, net | \$ 4,138 | \$ 66,606 |
| Net realized and unrealized gain (loss) on investments | <u>208,286</u> | <u>(73,261)</u> |
| TOTAL INTEREST AND INVESTMENT INCOME (LOSS), NET OF INVESTMENT EXPENSES | <u>\$ 212,424</u> | <u>\$ (6,655)</u> |

3. PROPERTY, FURNITURE, EQUIPMENT AND SOFTWARE

The cost and accumulated depreciation and amortization of property, furniture, equipment and software at March 31, 2021 and 2020 were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| Land | \$ 153,303 | \$ 153,303 |
| Buildings | 606,274 | 606,274 |
| Furniture | 181,361 | 181,361 |
| Equipment | 542,426 | 542,426 |
| Software | 121,233 | 1,550,625 |
| Water system | <u>1,324,797</u> | <u>1,322,797</u> |
| Subtotal | 2,929,394 | 4,356,786 |
| Less: Accumulated depreciation and amortization | <u>(1,575,163)</u> | <u>(1,568,602)</u> |
| PROPERTY, FURNITURE, EQUIPMENT AND SOFTWARE, NET | <u>\$ 1,354,231</u> | <u>\$ 2,788,184</u> |

4. PAYCHECK PROTECTION PROGRAM

On April 15, 2020, Alight received loan proceeds in the amount of \$972,700 under the Paycheck Protection Program (PPP).

The loan proceeds were allocated to Alight's related entities in the following manner:

| <u>Alight</u> | <u>Questscope LTD.</u> | <u>ORAM</u> | <u>ECI</u> | <u>Kuja Kuja</u> | <u>Total</u> |
|--------------------------|----------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| <u>\$ 781,981</u> | <u>\$ 81,810</u> | <u>\$ 20,830</u> | <u>\$ 54,200</u> | <u>\$ 33,879</u> | <u>\$ 972,700</u> |

Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration.

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

4. PAYCHECK PROTECTION PROGRAM (Continued)

During the year ended March 31, 2021, Alight and related entities expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and received full forgiveness from the SBA in March 2021. Accordingly, under guidance found in FASB ASC 470, Alight and related entities have recorded the PPP funding as a loan payable and upon forgiveness, by which all conditions have been met, have recognized the funding as a gain on extinguishment of debt. Each entity has recognized their portion of the PPP funds as revenue during the year ended March 31, 2021. The amounts are included in other income on the accompanying Consolidated Statements of Activities.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at March 31, 2021 and 2020:

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Subject to expenditure for specific purposes: | | |
| Alight Programs | \$ 29,548,902 | \$ 22,789,778 |
| Alight - Accumulated Gains on Donor Restricted Endowments (Note 13) | 155,835 | 42,341 |
| Questscope, LTD. Programs | 166,952 | 185,018 |
| Questscope Programs | 2,781,884 | 5,152,358 |
| ORAM Programs | - | 20,925 |
| ECI Programs | 2,358,623 | 434,198 |
| Subtotal net assets subject to expenditure for specific purposes | 35,012,196 | 28,624,618 |
| Endowments to be invested in-perpetuity - Alight (Note 13) | 948,255 | 848,255 |
| NET ASSETS WITH DONOR RESTRICTIONS | \$ 35,960,451 | \$ 29,472,873 |

6. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions at March 31, 2021 and 2020, by incurring expenses, which satisfied the restricted purposes specified by the donors:

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Purpose restrictions accomplished: | | |
| Alight Programs | \$ 49,340,642 | \$ 45,746,875 |
| Alight - Appropriation of endowment assets for expenditure | 100,000 | - |
| Questscope, LTD. Programs | 130,642 | 143,332 |
| Questscope Programs | 5,163,878 | 7,185,965 |
| ORAM Programs | 52,649 | 75,000 |
| ECI Programs | 1,880,155 | 1,233,701 |
| Upwardly Global Programs | - | 1,951,973 |
| NET ASSETS RELEASED FROM DONOR RESTRICTIONS | \$ 56,667,966 | \$ 56,336,846 |

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

7. LIQUIDITY AND AVAILABILITY

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

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 11,912,046 | \$ 8,032,514 |
| Investments | 898,420 | 640,053 |
| Grants receivable | 32,540,306 | 27,788,450 |
| Pledges receivable | 186,800 | 357,400 |
| Other receivables | <u>90,469</u> | <u>398,979</u> |
| Subtotal financial assets | 45,628,041 | 37,217,396 |
| Less: Donor restricted funds for specific purposes | (35,012,196) | (28,624,618) |
| Less: Donor restricted endowment funds | <u>(948,255)</u> | <u>(848,255)</u> |
| FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR | <u>\$ 9,667,590</u> | <u>\$ 7,744,523</u> |

Alight and related entities have a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, Alight and related entities have a line of credit agreement (as further discussed in Note 9) which allows for additional available borrowings up to \$6,500,000. These funds can be used to mitigate the impact of unbudgeted financial events or pursue opportunities of strategic importance.

8. LEASE COMMITMENTS

Alight and related entities have operating lease agreements for office space. The leases have termination clauses that allow termination under certain conditions. The following is a schedule of approximate future minimum payments required under the leases:

| | |
|-----------------------------------|--------------------------|
| Year Ending March 31, 2022 | <u>\$ 175,000</u> |
|-----------------------------------|--------------------------|

Alight and related entities' total occupancy expense for the years ended March 31, 2021 and 2020 totaled approximately \$532,000 and \$704,000, respectively.

In addition, Alight's foreign field locations have various short-term leases for operating space that individually have terms of less than one year. During the years ended March 31, 2021 and 2020, Alight incurred approximately \$1,400,000 in rental expense related to these leases and rental expenses.

9. LINE OF CREDIT

Alight has a \$6,500,000 line of credit with a local financial institution. Borrowers on the line of credit bear interest at LIBOR plus 2.5% (2.64% and 4.16% at March 31, 2021 and 2020, respectively). There were no outstanding borrowings on the line of credit at March 31, 2021 or 2020. The line of credit is secured by the general assets of Alight.

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

10. EMPLOYEE BENEFIT PLAN

Alight and related entities have a tax-deferred annuity plan for substantially all long-term U.S.-based employees and U.S. expatriate employees. Alight and related entities contributed an amount equal to six percent of the employees' salaries to the plan in 2021 and 2020.

Employees have the option to contribute up to \$19,500 of their salaries annually in both 2021 and 2020 calendar years. Contributions by Alight and related entities for the years ended March 31, 2021 and 2020 totaled \$635,600 and \$406,110, respectively.

Additionally, Alight and related entities have taxable and tax-deferred employee benefit plans for substantially all long-term non-U.S.-based employees and non-U.S. expatriate employees specific to the employee's status and location of employment. Contributions by Alight and related entities to these employee benefit plans for the years ended March 31, 2021 and 2020 totaled \$414,500 and \$406,100, respectively.

11. CONTINGENCIES

U.S. Government awards -

Alight and related entities receive grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021. 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.

Foreign operations -

Alight and related entities provide capital assistance, technical assistance and training in numerous developing countries through its field offices in each of those countries. The future results of those programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate.

As of March 31, 2021 and 2020, Alight and related entities had cash, property, furniture, equipment and software and prepaid expenses in various countries in Africa, Middle East and Asia, totaling approximately \$8,800,000 and \$9,400,000, which represented approximately 18% and 23%, respectively, of Alight and related entities' total assets.

12. TRANSFER OF NET ASSETS

Kuja Kuja, Inc. -

On April 1, 2020, Alight transferred its Kuja Kuja business unit valued at \$1,230,000 to Kuja Kuja, Inc. and received Kuja Kuja, Inc. Common Stock in exchange.

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

12. TRANSFER OF NET ASSETS (Continued)

Kuja Kuja, Inc. (continued) -

As the formation and transfer occurred after March 31, 2020, Kuja Kuja, Inc. activity is included within Alight for the fiscal year ending March 31, 2020; and is included as a separate entity for the fiscal year ending March 31, 2021. Accordingly, the net assets of Kuja Kuja, Inc. as of April 1, 2020, are reported as a transfer of net assets into the accompanying Consolidated Statements of Activities. As of March 31, 2021, Alight held 583,700 shares of Kuja Kuja's Common Stock representing 82.739% equity and voting ownership.

Eastern Congo Initiative -

On September 12, 2019, Eastern Congo Initiative (ECI) and Alight entered into a governance agreement, effective September 30, 2019, whereby Alight transferred to ECI its management rights, title and interest in Asili's social enterprise activities (e.g. water, medical care, agricultural support, and mobile phone technology) in the Democratic Republic of Congo. In accordance with the terms of the affiliation agreement, ECI amended its Articles of Incorporation and Bylaws to become a membership nonprofit corporation with Alight becoming the sole voting member of ECI.

As a result of the governance agreement and for the fiscal year ended March 31, 2020, the accompanying consolidated financial statements include the financial activity of ECI from October 1, 2019 through March 31, 2020. Accordingly, the net assets of ECI as of October 1, 2019, are reported as a transfer of net assets into the accompanying Consolidated Statements of Activities.

The transfer amounts shown on the accompanying Consolidated Statements of Activities for the year ended March 31, 2020 are comprised of the following:

| | |
|-------------------------------------|--------------------------|
| Without donor restrictions | \$ 565,690 |
| With donor restrictions | <u>98,550</u> |
| TOTAL NET ASSETS TRANSFERRED | <u>\$ 664,240</u> |

Upwardly Global -

Upwardly Global was a part of the Alight consolidated organization for the period July 1, 2018 through September 30, 2019. As a result, the accompanying consolidated financial statements include the financial activity of Upwardly Global for the period April 1, 2019 through September 30, 2019 in the March 31, 2020 financial information. In the March 31, 2020 financial statements, the net assets are reduced with the change in agreement.

The transfer amounts shown on the accompanying Consolidated Statements of Activities for the year ended March 31, 2020 are comprised of the following:

| | |
|---|------------------------------|
| Without donor restrictions | \$ (2,135,249) |
| With donor restrictions | <u>(1,593,561)</u> |
| TOTAL NET ASSETS TRANSFERRED OUT | <u>\$ (3,728,810)</u> |

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

13. ENDOWMENT

Alight's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, Alight classifies as net assets with restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Net investment income earned on the endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Alight in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Alight considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of Alight and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of Alight.

Endowment net asset composition by type of fund as of March 31, 2021:

| | <u>With Donor Restrictions</u> |
|--|---|
| Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor: | |
| Ball Fund | \$ 637,500 |
| Bridge Fund | 124,326 |
| Mellon Fund | 186,429 |
| Accumulated investment earnings | <u>155,835</u> |
| TOTAL ENDOWMENT FUNDS | <u>\$ 1,104,090</u> |

Changes in endowment net assets for the year ended March 31, 2021 are as follows:

| | <u>With Donor Restrictions</u> |
|---|---|
| Endowment net asset, beginning of year | \$ 890,596 |
| Contributions | 100,000 |
| Net investment income | 213,494 |
| Appropriation of endowment assets for expenditure | <u>(100,000)</u> |
| ENDOWMENT NET ASSETS, END OF YEAR | <u>\$ 1,104,090</u> |

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

13. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of March 31, 2020:

| | <u>With Donor Restrictions</u> |
|--|------------------------------------|
| Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor: | |
| Ball Fund | \$ 537,500 |
| Bridge Fund | 124,326 |
| Mellon Fund | 186,429 |
| Accumulated investment earnings | <u>42,341</u> |
| TOTAL ENDOWMENT FUNDS | <u>\$ 890,596</u> |

Changes in endowment net assets for the year ended March 31, 2020 are as follows:

| | <u>With Donor Restrictions</u> |
|--|------------------------------------|
| Endowment net assets, beginning of year | \$ 900,793 |
| Net investment loss | <u>(10,197)</u> |
| ENDOWMENT NET ASSETS, END OF YEAR | <u>\$ 890,596</u> |

14. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, Alight 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 Consolidated Statements 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 Alight 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.

ALIGHT AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

14. FAIR VALUE MEASUREMENT (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used or transfers between levels as of March 31, 2021 and 2020.

- *U.S. Treasury Notes* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by Alight and related entities are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. Mutual funds held by Alight and related entities are deemed to be actively traded.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, Alight's investments as of March 31, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|-------------------|-------------------|----------------|-------------------|
| Asset Class: | | | | |
| U.S. Treasury Notes | \$ 61,507 | \$ - | \$ - | \$ 61,507 |
| S&P 500 Index Mutual Fund | 518,119 | - | - | 518,119 |
| Certificates of Deposit | - | 318,794 | - | 318,794 |
| TOTAL | \$ 579,626 | \$ 318,794 | \$ - | \$ 898,420 |

The table below summarizes, by level within the fair value hierarchy, Alight's investments as of March 31, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|-------------------|-------------------|----------------|-------------------|
| Asset Class: | | | | |
| U.S. Treasury Notes | \$ 62,465 | \$ - | \$ - | \$ 62,465 |
| S&P 500 Index Mutual Fund | 331,416 | - | - | 331,416 |
| Certificates of Deposit | - | 246,172 | - | 246,172 |
| TOTAL | \$ 393,881 | \$ 246,172 | \$ - | \$ 640,053 |

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Alight and related entities have evaluated events and transactions for potential recognition or disclosure through August 27, 2021, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

ALIGHT AND RELATED ENTITIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF MARCH 31, 2021

| | <u>Alight</u> | <u>Questscope</u> | <u>ORAM</u> | <u>Eastern Congo Initiative</u> | <u>Kuja Kuja</u> | <u>Eliminations</u> | <u>Total</u> |
|--|-----------------------------|----------------------------|------------------------|---|----------------------------|------------------------------|-----------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 7,382,472 | \$ 1,618,640 | \$ 7,711 | \$ 2,646,718 | \$ 256,505 | \$ - | \$ 11,912,046 |
| Investments | 1,836,507 | - | - | - | - | (938,087) | 898,420 |
| Grants receivable | 27,597,661 | 2,973,420 | - | 1,969,225 | - | - | 32,540,306 |
| Pledges receivable | 178,500 | - | - | 8,300 | - | - | 186,800 |
| Other receivables | 670,963 | 30,982 | 354 | 5,306 | - | (617,136) | 90,469 |
| Inventory | - | - | - | 117,029 | - | - | 117,029 |
| Prepaid expenses | 776,419 | 35,432 | 605 | 17,521 | - | 34,046 | 864,023 |
| Property, furniture and equipment, net of accumulated depreciation and amortization | 68,638 | - | - | 1,571,472 | 704,226 | - | 2,344,336 |
| Deposits | 71,872 | 3,072 | - | 7,400 | 34,599 | - | 116,943 |
| Intangible assets | - | - | - | - | 215,906 | (215,906) | - |
| TOTAL ASSETS | <u>\$ 38,583,032</u> | <u>\$ 4,661,546</u> | <u>\$ 8,670</u> | <u>\$ 6,342,971</u> | <u>\$ 1,211,236</u> | <u>\$ (1,737,083)</u> | <u>\$ 49,070,372</u> |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued expenses | \$ 349,650 | \$ 1,487,346 | \$ 40,951 | \$ 282,269 | \$ 49,236 | \$ (305,090) | \$ 1,904,362 |
| Grants payable | 910,343 | - | - | - | - | - | 910,343 |
| Accrued salaries and benefits | 5,505,478 | 86,278 | 16,326 | 258,388 | 21,875 | - | 5,888,345 |
| Deferred revenue | - | - | - | - | 6,334 | - | 6,334 |
| Line of credit | - | 278,000 | - | - | - | (278,000) | - |
| Total liabilities | 6,765,471 | 1,851,624 | 57,277 | 540,657 | 77,445 | (583,090) | 8,709,384 |
| NET ASSETS | | | | | | | |
| Without donor restrictions | 1,164,569 | (138,914) | (48,607) | 3,443,691 | 1,133,791 | (1,153,993) | 4,400,537 |
| With donor restrictions | 30,652,992 | 2,948,836 | - | 2,358,623 | - | - | 35,960,451 |
| Total net assets | 31,817,561 | 2,809,922 | (48,607) | 5,802,314 | 1,133,791 | (1,153,993) | 40,360,988 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 38,583,032</u> | <u>\$ 4,661,546</u> | <u>\$ 8,670</u> | <u>\$ 6,342,971</u> | <u>\$ 1,211,236</u> | <u>\$ (1,737,083)</u> | <u>\$ 49,070,372</u> |

* Questscope and Questscope, LTD have been consolidated above for financial statement presentation purposes.

ALIGHT AND RELATED ENTITIES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

| | Alight | Questscope | ORAM | Eastern Congo Initiative | Kuja Kuja | Eliminations | Total |
|--|---------------------|-----------------------|--------------------|-----------------------------|-----------------------|---------------------|---------------------|
| WITHOUT DONOR RESTRICTIONS | | | | | | | |
| REVENUE AND SUPPORT | | | | | | | |
| Contributions and grants: | | | | | | | |
| Contributions | \$ 5,175,460 | \$ 1,362,629 | \$ 119,036 | \$ 638,910 | \$ - | \$ - | \$ 7,296,035 |
| Private and other support | - | - | 241,179 | - | 601,435 | (200,000) | 642,614 |
| Interest and investment (loss) income, net | (77,066) | - | - | - | 403 | 75,593 | (1,070) |
| Other revenue | 1,245,456 | 216,623 | 27,354 | 261,907 | 37,740 | (269,222) | 1,519,858 |
| Net assets released from donor restrictions | 49,440,642 | 5,294,520 | 52,649 | 1,880,155 | - | - | 56,667,966 |
| Total revenue and support without donor restrictions | 55,784,492 | 6,873,772 | 440,218 | 2,780,972 | 639,578 | (393,629) | 66,125,403 |
| EXPENSES | | | | | | | |
| Program Services: | | | | | | | |
| International Programs | 48,699,253 | 6,004,273 | 218,850 | 2,273,292 | 1,402,312 | (352,728) | 58,245,252 |
| Supporting Services: | | | | | | | |
| General and Administrative | 4,281,452 | 808,953 | 182,349 | 412,828 | 297,467 | 88,133 | 6,071,182 |
| Fundraising | 2,268,637 | 132,561 | 74,941 | 76,845 | 35,973 | - | 2,588,957 |
| Total supporting services | 6,550,089 | 941,514 | 257,290 | 489,673 | 333,440 | 88,133 | 8,660,139 |
| Total expenses | 55,249,342 | 6,945,787 | 476,140 | 2,762,965 | 1,735,752 | (264,595) | 66,905,391 |
| CHANGE IN NET ASSETS WITHOUT RESTRICTIONS | \$ 535,150 | \$ (72,015) | \$ (35,922) | \$ 18,007 | \$ (1,096,174) | \$ (129,034) | \$ (779,988) |
| WITH DONOR RESTRICTIONS | | | | | | | |
| REVENUE AND SUPPORT | | | | | | | |
| Contributions and grants: | | | | | | | |
| Contributions | \$ 1,033,224 | \$ 633,789 | \$ 31,724 | \$ 1,601,580 | \$ - | \$ - | \$ 3,300,317 |
| U.S. Government grants | 25,981,087 | 287,490 | - | 2,203,000 | - | - | 28,471,577 |
| United Nations grants | 20,320,332 | 1,847,435 | - | - | - | - | 22,167,767 |
| Private and other support | 8,865,123 | 137,266 | - | - | - | - | 9,002,389 |
| Interest and investment income | 213,494 | - | - | - | - | - | 213,494 |
| Net assets released from donor restrictions | (49,440,642) | (5,294,520) | (52,649) | (1,880,155) | - | - | (56,667,966) |
| CHANGE IN NET ASSETS WITH RESTRICTIONS | \$ 6,972,618 | \$ (2,388,540) | \$ (20,925) | \$ 1,924,425 | \$ - | \$ - | \$ 6,487,578 |

* Questscope and Questscope, LTD have been consolidated above for financial statement presentation purposes.

ALIGHT AND RELATED ENTITIES
CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021

| | Controlling Interest | | | | Noncontrolling Interest | | Total |
|-----------------------------------|----------------------|---------------------|--------------------|--------------------------|-------------------------|-----------------------|----------------------|
| | Alight | Questscope | ORAM | Eastern Congo Initiative | Kuja Kuja | Eliminations | |
| | | | | | | | |
| WITHOUT DONOR RESTRICTIONS | | | | | | | |
| Net assets at beginning of year | \$ 629,419 | \$ (66,899) | \$ (12,685) | \$ 3,425,684 | \$ - | \$ - | \$ 3,975,519 |
| Stock issuance | - | - | - | - | 1,205,041 | - | 1,205,041 |
| Stock redemption | - | - | - | - | (35) | - | (35) |
| Alight investment in Kuja Kuja | - | - | - | - | 1,024,959 | (1,024,959) | - |
| Change in net assets | 535,150 | (72,015) | (35,922) | 18,007 | (1,096,174) | (129,034) | (779,988) |
| END OF YEAR NET ASSETS | \$ 1,164,569 | \$ (138,914) | \$ (48,607) | \$ 3,443,691 | \$ 1,133,791 | \$ (1,153,993) | \$ 4,400,537 |
| WITH DONOR RESTRICTIONS | | | | | | | |
| Net assets at beginning of year | \$ 23,680,374 | \$ 5,337,376 | \$ 20,925 | \$ 434,198 | \$ - | \$ - | \$ 29,472,873 |
| Change in net assets | 6,972,618 | (2,388,540) | (20,925) | 1,924,425 | - | - | 6,487,578 |
| END OF YEAR NET ASSETS | \$ 30,652,992 | \$ 2,948,836 | \$ - | \$ 2,358,623 | \$ - | \$ - | \$ 35,960,451 |
| TOTAL | | | | | | | |
| Net assets at beginning of year | \$ 24,309,793 | \$ 5,270,477 | \$ 8,240 | \$ 3,859,882 | \$ - | \$ - | \$ 33,448,392 |
| Stock issuance | - | - | - | - | 1,205,041 | - | 1,205,041 |
| Stock redemption | - | - | - | - | (35) | - | (35) |
| Alight investment in Kuja Kuja | - | - | - | - | 1,024,959 | (1,024,959) | - |
| Change in net assets | 7,507,768 | (2,460,555) | (56,847) | 1,942,432 | (1,096,174) | (129,034) | 5,707,590 |
| NET ASSETS AT END OF YEAR | \$ 31,817,561 | \$ 2,809,922 | \$ (48,607) | \$ 5,802,314 | \$ 1,133,791 | \$ (1,153,993) | \$ 40,360,988 |

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