



## **Namati, Inc. and Affiliate**

# **Consolidated Financial Statements and Supplementary Information**

*For the Year Ended December 31, 2021*

*(With Summarized Financial Information for the Year Ended December 31, 2020)*



**and  
Report Thereon**



**NAMATI, INC. AND AFFILIATE**  
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**For the Year Ended December 31, 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Namati, Inc. and Affiliate

### ***Opinion***

We have audited the consolidated financial statements of Namati, Inc. (Namati) and Affiliate (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of revenue and expenses by funder is presented for purposes of additional analysis and is 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 schedule of revenue and expenses by funder is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## **Other Matter**

### ***Report on Summarized Comparative Information***

We have previously audited the Organization's December 31, 2020 consolidated financial statements, and our report dated March 29, 2021, expressed an unmodified audit opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
March 23, 2022

**NAMATI, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2021**  
**(With Summarized Financial Information as of December 31, 2020)**

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 36,447,402	\$ 7,840,776
Grants and contracts receivable	690,934	225,047
Prepaid expenses and other assets	75,319	104,190
Deposits	10,943	10,911
<b>TOTAL ASSETS</b>	<b>\$ 37,224,598</b>	<b>\$ 8,180,924</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 416,660	\$ 367,052
<b>TOTAL LIABILITIES</b>	<b>416,660</b>	<b>367,052</b>
Net Assets		
Without donor restrictions		
Undesignated	27,497,104	1,888,455
Board-designated	6,000,000	4,500,000
Total Without Donor Restrictions	33,497,104	6,388,455
With donor restrictions	3,310,834	1,425,417
<b>TOTAL NET ASSETS</b>	<b>36,807,938</b>	<b>7,813,872</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 37,224,598</b>	<b>\$ 8,180,924</b>

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

**NAMATI, INC. AND AFFILIATE**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2021**

**(With Summarized Financial Information for the Year Ended December 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>REVENUE AND SUPPORT</b>				
Grants and contracts	\$ 31,391,060	\$ 5,947,437	\$ 37,338,497	\$ 9,740,430
PPP loan forgiveness	-	-	-	451,800
Net assets released from restrictions:				
Satisfaction of program restrictions	3,987,020	(3,987,020)	-	-
Satisfaction of time restrictions	75,000	(75,000)	-	-
	<b>35,453,080</b>	<b>1,885,417</b>	<b>37,338,497</b>	<b>10,192,230</b>
<b>TOTAL REVENUE AND SUPPORT</b>				
<b>EXPENSES</b>				
Program Services:				
Community land protection	1,851,504	-	1,851,504	1,527,766
Global network	1,345,746	-	1,345,746	820,531
Health accountability	252,216	-	252,216	171,422
Global programs	1,173,243	-	1,173,243	1,026,822
Environmental justice	1,060,425	-	1,060,425	735,053
Citizenship	857,966	-	857,966	542,768
	<b>6,541,100</b>	-	<b>6,541,100</b>	<b>4,824,362</b>
Total Program Services				
Supporting Services:				
Program support	1,369,348	-	1,369,348	1,153,899
Institutional support	433,983	-	433,983	402,109
	<b>1,803,331</b>	-	<b>1,803,331</b>	<b>1,556,008</b>
Total Supporting Services				
<b>TOTAL EXPENSES</b>	<b>8,344,431</b>	-	<b>8,344,431</b>	<b>6,380,370</b>
<b>CHANGE IN NET ASSETS</b>	27,108,649	1,885,417	28,994,066	3,811,860
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>6,388,455</b>	<b>1,425,417</b>	<b>7,813,872</b>	<b>4,002,012</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 33,497,104</b>	<b>\$ 3,310,834</b>	<b>\$ 36,807,938</b>	<b>\$ 7,813,872</b>

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

**NAMATI, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2021**  
**(With Summarized Financial Information for the Year Ended December 31, 2020)**

	Program Services						Supporting Services			2021 Total	2020 Total	
	Community Land Protection	Global Network	Global Programs	Environmental Justice	Citizenship	Health Accountability	Total Program Services	Program Support	Institutional Support			Total Supporting Services
Salaries	\$ 296,992	\$ 554,309	\$ 781,057	\$ 296,334	\$ 216,117	\$ 140,425	\$ 2,285,234	\$ 863,214	\$ 271,998	\$ 1,135,212	\$ 3,420,446	\$ 3,042,853
Subgrants and subcontracts	1,194,439	550,489	72,287	565,259	364,198	64,483	2,811,155	-	-	-	2,811,155	1,662,202
Fringe benefits	76,660	143,083	201,614	76,492	55,786	36,248	589,883	222,819	70,210	293,029	882,912	726,067
Consultants and professional fees	191,607	65,339	55,350	95,718	104,058	3,805	515,877	119,519	70,975	190,494	706,371	489,148
Office expenses	41,196	17,498	20,790	9,123	48,426	212	137,245	121,517	6,864	128,381	265,626	196,760
Rent	19,119	10,393	33,183	17,054	4,165	38	83,952	41,986	9,018	51,004	134,956	139,568
Travel	31,491	4,635	8,962	445	65,216	7,005	117,754	293	4,918	5,211	122,965	110,691
Amortization	-	-	-	-	-	-	-	-	-	-	-	13,081
<b>TOTAL EXPENSES</b>	<b>\$ 1,851,504</b>	<b>\$ 1,345,746</b>	<b>\$ 1,173,243</b>	<b>\$ 1,060,425</b>	<b>\$ 857,966</b>	<b>\$ 252,216</b>	<b>\$ 6,541,100</b>	<b>\$ 1,369,348</b>	<b>\$ 433,983</b>	<b>\$ 1,803,331</b>	<b>\$ 8,344,431</b>	<b>\$ 6,380,370</b>

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



**NAMATI, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2021**  
**(With Summarized Financial Information for the Year Ended December 31, 2020)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 28,994,066	\$ 3,811,860
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	-	13,081
Changes in assets and liabilities:		
Grants and contracts receivable	(465,887)	154,534
Prepaid expenses and other assets	28,871	2,679
Deposits	(32)	64
Accounts payable and accrued expenses	49,608	92,828
NET CASH PROVIDED BY OPERATING ACTIVITIES	28,606,626	4,075,046
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,606,626	4,075,046
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,840,776	3,765,730
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 36,447,402	\$ 7,840,776

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

## NAMATI, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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#### 1. Organization and Summary of Significant Accounting Policies

##### **Organization**

Namati, Inc. (Namati) is a nonprofit organization incorporated under the laws of the State of Delaware on July 12, 2011. Namati was established to implement legal empowerment interventions in partnership with governments and civil society organizations in several countries. Namati cultivates a global community of paralegal practitioners to foster dialogue and tool-sharing. Namati advocates with, and provides technical assistance to, policy-makers and civil society organizations for greater and smarter investments in legal empowerment. In partnership with civil society groups and governments, Namati implements and evaluates innovative interventions along several themes, including environmental justice, community land protection and the accountability of essential public services. Namati also hosts a growing Global Legal Empowerment Network of practitioners and supporters. Members of the Global Legal Empowerment Network share resources and experiences, including research, training materials, monitoring and evaluation tools, case management systems, and advocacy strategies. Network members are active throughout the world, whereas Namati's programs and research focus on exploring the potential for legal empowerment in specific countries, which include Sierra Leone, India, Mozambique, Myanmar, Kenya, the United States and Bangladesh. Namati's activities are funded primarily through grants and contract revenue.

Namati has an office in Kenya. The office in Kenya follows the host country's regulations and, as a result, was incorporated as Namati Kenya, an independent entity, on January 18, 2018. However, as Namati's affiliate, Namati Kenya is dependent on Namati for funding, participates in Namati's activities and decision-making, and carries out the general mission and activities of Namati in Kenya.

##### **Principles of Consolidation**

The consolidated financial statements of Namati and Namati Kenya (collectively referred to as the Organization) have been prepared on the accrual basis of accounting and include the accounts of Namati and Namati Kenya. Namati and Namati Kenya have been consolidated due to the presence of control and economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All intercompany balances and transactions have been eliminated in the consolidation.

##### **Cash Equivalents**

The Organization considers all money market funds and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

##### **Grants and Contracts Receivable**

The Organization records grants and contracts receivable at their estimated net realizable value. The allowance for doubtful accounts is based on various factors, including management's analysis of the collectibility of the accounts and current economic conditions. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

## NAMATI, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Website Costs and Related Amortization**

All assets with a useful life of more than two years and an acquisition cost of \$5,000 or greater are capitalized at cost. Capitalized website costs are recorded at cost less accumulated amortization and impairment losses, if any. Website costs are amortized using the straight-line method over an estimated useful life of three years. Expenditures for major repairs and improvements that extend the useful life of an asset are capitalized, whereas expenditures for minor repairs and maintenance costs are expensed when incurred. Costs incurred in the development of the website are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the website development stage are capitalized. In the event that it is no longer probable that expected future economic benefits will be recovered, website costs are written down to estimated recoverable amounts.

##### **Classification of Net Assets**

The Organization's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of Namati's operations. From time to time, Namati's Board of Directors (the Board) designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Board has designated \$6,000,000 of net assets without donor restrictions to serve as a working capital reserve to secure Namati's long-term financial viability.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various programs or for specific periods. These donor restrictions can be temporary in nature in that they will be met by actions of Namati or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2021, Namati had no net assets with donor restrictions that are required to be maintained in perpetuity.

##### **Revenue Recognition**

Unconditional grants and contributions are reported as revenue and support in the year in which payments are received and/or unconditional promises are made. Unconditional grants are considered without donor restrictions unless specifically restricted by the grantor. Amounts received that are designated for future periods or restricted by the grantor for specific purposes are reported as revenue and support with donor restrictions. When a grantor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets are reclassified from net assets with donor restriction to net assets without donor restriction and reported in the accompanying consolidated statement of activities as net assets released from restrictions. Unconditional grants that have been committed to the Organization but have not been received as of year-end are reflected as grants and contracts receivable in the accompanying consolidated statement of financial position.

## NAMATI, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Revenue Recognition (continued)**

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contracts which represent services performed are recognized at the time the services are provided based on deliverables established in the contracts.

##### **Grant Expense Recognition**

Unconditional grants are expensed in the year in which the grant commitment is made to the grantee. Grant amounts not transferred immediately to the partner organizations in the year in which the grant commitments are made are recorded as grants payable in the accompanying consolidated statement of financial position. As of December 31, 2021, the Organization had no grants payable. Conditional grants are not included as expenses until such time as the conditions are substantially met.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses directly attributed to specific functional areas of the Organization are reported as expenses of those functional areas. Salaries are allocated to programs and supporting services based on employees' timesheets. Fringe benefits and shared costs (primarily rent) that benefit multiple functional areas have been allocated among the various functional areas based on the actual time and effort expended on those functional areas.

The following is an explanation of certain expense categories presented in the consolidated statements of activities and functional expenses as supporting services:

*Program support* – This supporting service category includes the functions necessary to secure proper administration of the Organization's programs and the Board, maintain an adequate working environment, and manage financial and budgetary responsibilities of the Organization.

*Institutional support* – This supporting service category includes the functions necessary to induce potential donors to contribute funds and other resources to the Organization. It also includes costs necessary for the administration of the Organization's operations that do not otherwise qualify to be recorded under program support.

##### **Estimates**

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

**NAMATI, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

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2. Grants and Contracts Receivable

Grants and contracts receivable of \$690,934 represent net promises to give from various organizations and are all due within one year as of December 31, 2021. All amounts are deemed fully collectible. Accordingly, no allowance for uncollectible grants and contracts receivable has been provided.

3. Conditional Grants

During the year ended December 31, 2021, the Organization awarded several conditional grants of which \$256,775 has not been recognized as grant expense as of December 31, 2021 as these grants were contingent upon achievement of certain goals and milestones (barriers) mutually agreed to between the Organization and the grantees.

4. Conditional Promises to Give

During the year ended December 31, 2021 and prior years, the Organization was awarded several multiyear conditional grants of which \$9,089,006 has not been recognized as of December 31, 2021, as the Organization's achievement of certain goals and deliverables (barriers) mutually agreed to between the Organization and the donors had not been met. Payments will be made to the Organization at various times through March 31, 2025, upon satisfaction of the conditions.

5. Net Assets

**Net Assets Without Donor Restrictions**

The Organization's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts. As of December 31, 2021, the Organization's net assets without donor restrictions were as follows:

Undesignated	\$ 27,497,104
Board-designated for working capital reserve	<u>6,000,000</u>
Total Net Assets Without Donor Restrictions	<u>\$ 33,497,104</u>

**NAMATI, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

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5. Net Assets (continued)

**Net Assets With Donor Restrictions**

As of December 31, 2021, net assets with donor restrictions were restricted for the following purposes:

Subject to expenditure for specified purpose:	
Community land protection	\$ 1,729,244
Global programs	445,357
Environmental justice	415,300
Citizenship	<u>520,933</u>
Total Subject to Expenditure for Specified Purpose	3,110,834
Subject to occurrence of specified events/passage of time:	
Total Subject to Passage of Time	<u>200,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,310,834</u>

6. Concentration of Credit Risk

The Organization maintains its cash and cash equivalents with a certain commercial financial institution, which aggregate balance may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2021, the Organization's cash balances exceeded the maximum limit insured by the FDIC by approximately \$36,137,000. The Organization monitors the creditworthiness of the institution and has not experienced any credit losses on its cash and cash equivalents.

In addition, the Organization has operations in Kenya, and holds cash accounts in Kenya which are uninsured. As of December 31, 2021, cash balances in Kenya totaled approximately \$59,000, representing approximately 0.16% of the Organization's total assets.

7. Commitments, Risks and Contingencies

**Office Leases**

On September 14, 2017, Namati entered into a noncancelable operating lease for office space for its headquarters in Washington, D.C. The lease term is for the period November 1, 2017, through January 31, 2023. The lease provides for three months of rent abatement, and contains a fixed escalation clause for increases in the annual minimum rent.

Effective January 1, 2019, Namati Kenya entered into a noncancelable operating lease for an office space for its headquarters in Nairobi, Kenya. The lease term is for the period January 1, 2019 through March 31, 2024. The lease contains a fixed escalation clause for increases in the annual minimum rent.

**NAMATI, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

7. Commitments, Risks and Contingencies (continued)

**Office Leases (continued)**

Under GAAP, all fixed rent increases, less any rental abatements, are recognized on a straight-line basis over the term of the lease. The difference between rent paid and that expensed is reflected in accounts payable and accrued expenses in the accompanying consolidated statement of financial position.

The future minimum rental payments required under these operating leases, as of December 31, 2021, were as follows:

For the Year Ending December 31,		
2022	\$	133,896
2023		23,055
2024		3,212
Total	\$	160,163

Rent expense under these leases totaled \$134,956 for the year ended December 31, 2021.

8. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2021, were as follows:

Cash and cash equivalents	\$ 36,447,402
Grants and contracts receivable	690,934
Total Financial Assets Available as of December 31, 2021	37,138,336
Less:	
Amounts Not Available to Be Used Within One Year:	
Restricted by donor for time and/or purpose	(356,000)
Board-designated for working capital and program reserve	(6,000,000)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 30,782,336

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the

## NAMATI, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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#### 8. Availability and Liquidity (continued)

cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. Additionally, the Organization has board-designated net assets that could be available for current operations with Board approval, if necessary.

#### 9. Major Grantors

For the year ended December 31, 2021, the Organization recognized revenue of approximately \$31,200,000 from four donors, which is approximately 84% of the Organization's total revenue and support. Included in this amount is a donation representing approximately 67% of the Organization's revenue and support for the year ended December 31, 2021. The donation was provided to the Organization without any restrictions and the Organization is currently determining how these funds will be used.

#### 10. Pension Plan

The Organization sponsors a 401(k) defined contribution plan (the Plan) for retirement benefits for its employees. Employees who are at least 21 years of age are eligible to participate in the Plan immediately upon employment and become eligible for the employer contribution after three months of service. The Organization matches employee contributions up to 5% of an employee's annual compensation. Employees are 100% vested in the employer portion of their accounts after one year of service. When an eligible employee leaves the Organization, unvested funds are reallocated to the other participants as part of the Organization's contribution to the Plan for the year. Total pension expense was \$283,822 for the year ended December 31, 2021.

In addition, the Organization sponsors a retirement plan for the employees working in Namati's Kenya office. The Organization contributes 9% of an eligible employee's monthly salary and the employees are immediately vested in the employer contribution. The Organization contributed approximately \$41,535 to this plan for the year ended December 31, 2021.

#### 11. Related Party Transactions

A member of the Board, who is also Namati's President, serves as a member of the Board of Directors for Namati Sierra Leone. Namati made grants totaling \$913,000 to Namati Sierra Leone during the year ended December 31, 2021. It is Namati's policy for a Board member to recuse himself or herself from voting on any proposed grant to an organization of which he or she is also a board member or officer.

On October 12, 2021, Namati established Namati Action, Inc., a 501(c)(4) organization, to advance social and environmental and social justice through legislative and policy advocacy. During the year ended December 31, 2021, Namati Action, Inc. had no transactions.



## NAMATI, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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#### 12. Income Taxes

Namati is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the year ended December 31, 2021, as Namati had no net unrelated business income. In addition, Namati Kenya is subject to local taxes in the jurisdictions in which it operates. All local taxes required by Kenyan laws have been accrued as of December 31, 2021 in the amount of \$18,021 and included in office expenses in the accompanying statement of functional expenses.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization evaluated its uncertainty in income taxes for the year ended December 31, 2021, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status, and there are currently no audits for any open tax periods pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2021, the Organization had no accruals for interest and/or penalties.

#### 13. Reclassifications

Certain 2020 balances were reclassified to conform to the 2021 financial statements presentation.

#### 14. Summarized Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional area. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Namati's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

#### 15. Subsequent Events

In the preparation of the consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 23, 2022, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

**NAMATI, INC. AND AFFILIATE**  
**SCHEDULE OF REVENUE AND EXPENSES BY FUNDER**  
**For the Year Ended December 31, 2021**

	American Jewish World Service	Climate Works Foundation	Department for International Development LEGEND Phase # 2	Department of State	Environmental Defense Fund	Foreign Commonwealth Development Office	Foundation to Promote Open Society	Friends of Earth	Hampshire Foundation	International Development Research Centre	International Institute for Environment & Development	Korean International Cooperation Agency	LANDac	Luminate Foundation	Morton K. and Jane Blaustein Foundation	Mott Foundation
<b>REVENUE AND SUPPORT</b>																
Grants and contracts	\$ 30,000	\$ 250,000	\$ 565,003	\$ 167,294	\$ 48,000	\$ 45,673	\$ 3,670,000	\$ 35,000	\$ 100,000	\$ 209,552	\$ 546,247	\$ 498,169	\$ 1,420	\$ 360,000	\$ 60,000	\$ 500,000
<b>TOTAL REVENUE AND SUPPORT</b>	<b>30,000</b>	<b>250,000</b>	<b>565,003</b>	<b>167,294</b>	<b>48,000</b>	<b>45,673</b>	<b>3,670,000</b>	<b>35,000</b>	<b>100,000</b>	<b>209,552</b>	<b>546,247</b>	<b>498,169</b>	<b>1,420</b>	<b>360,000</b>	<b>60,000</b>	<b>500,000</b>
<b>EXPENSES</b>																
Salaries	20,038	-	134,670	23,998	-	26,703	1,066,889	-	79,365	123,945	84,234	57,675	155	40,961	8,115	24,307
Fringe benefits	5,172	-	34,762	6,195	-	6,893	275,394	-	20,486	31,994	21,743	14,888	40	10,573	2,095	6,274
Consultants and professional fees	-	-	41,083	58,946	23,300	16	85,041	22,500	-	3,827	160	3,733	-	48,555	5,000	-
Travel	-	-	7,156	710	-	-	10,070	-	-	1,183	-	17,390	1,072	16,020	-	-
Other direct costs	-	-	17,493	6,403	-	876	62,539	-	149	(542)	4,020	18,362	153	7,328	-	1,553
Subcontracts	-	-	260,453	56,308	-	23,079	572,307	-	-	-	369,007	197,493	-	16,436	10,000	260,273
Program support	4,790	-	69,386	14,734	-	8,059	(2,610)	-	-	20,853	67,083	46,431	-	-	4,790	16,633
<b>TOTAL EXPENSES</b>	<b>30,000</b>	<b>-</b>	<b>565,003</b>	<b>167,294</b>	<b>23,300</b>	<b>65,626</b>	<b>2,069,630</b>	<b>22,500</b>	<b>100,000</b>	<b>181,260</b>	<b>546,247</b>	<b>355,972</b>	<b>1,420</b>	<b>139,873</b>	<b>30,000</b>	<b>309,040</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,700</b>	<b>\$ (19,953)</b>	<b>\$ 1,600,370</b>	<b>\$ 12,500</b>	<b>\$ -</b>	<b>\$ 28,292</b>	<b>\$ -</b>	<b>\$ 142,197</b>	<b>\$ -</b>	<b>\$ 220,127</b>	<b>\$ 30,000</b>	<b>\$ 190,960</b>

See independent auditors' report on supplementary information.

**NAMATI, INC. AND AFFILIATE**  
**SCHEDULE OF REVENUE AND EXPENSES BY FUNDER**  
**For the Year Ended December 31, 2021**

(continued)

	The British Council	New Venture Fund	Nubian Rights Forum VOICE	Omidyar Network Fund	Robert Wood Johnson Foundation	Seattle International Foundation	Stichting SED Fund	The 11th Hour Project	The Christensen Fund	Target Foundation	Tinker Foundation	William and Flora Hewlett Foundation	Anonymous	W.K. Kellogg Foundation	Other Revenues	Total
<b>REVENUE AND SUPPORT</b>																
Grants and contracts	\$ 131,581	\$ 300,000	\$ 289	\$ 200,000	\$ 56,210	\$ -	\$ 165,000	\$ 300,000	\$ 500,000	\$ -	\$ 78,000	\$ 1,500,000	\$ -	\$ 1,000,000	\$ 26,021,059	\$ 37,338,497
<b>TOTAL REVENUE AND SUPPORT</b>	<b>131,581</b>	<b>300,000</b>	<b>289</b>	<b>200,000</b>	<b>56,210</b>	<b>-</b>	<b>165,000</b>	<b>300,000</b>	<b>500,000</b>	<b>-</b>	<b>78,000</b>	<b>1,500,000</b>	<b>-</b>	<b>1,000,000</b>	<b>26,021,059</b>	<b>37,338,497</b>
<b>EXPENSES</b>																
Salaries	4,040	67,280	-	63,007	56,296	-	-	1,049	26,048	133,303	27,925	807,357	81,215	-	461,871	3,420,446
Fringe benefits	1,043	17,367	-	16,264	14,532	-	-	271	6,724	34,409	7,208	208,401	20,964	-	119,220	882,912
Consultants and professional fees	41,107	22,320	-	6,469	15,733	-	-	-	-	11,700	-	207,976	-	36,500	72,405	706,371
Travel	521	6,640	-	21,202	30	(412)	-	-	-	4,340	-	20,856	14,209	-	1,978	122,965
Other direct costs	2,765	3,457	-	13,115	8,754	-	-	66	-	3,422	16	224,006	4,062	-	22,585	400,582
Subcontracts	43,443	16,000	-	79,875	17,588	2,701	134,400	166,908	-	21,299	28,350	31,404	31,063	86,200	386,568	2,811,155
Program support	9,292	23,744	-	35,988	13,552	412	-	30,293	4,916	91,525	7,440	-	28,787	-	(496,098)	-
<b>TOTAL EXPENSES</b>	<b>102,211</b>	<b>156,808</b>	<b>-</b>	<b>235,920</b>	<b>126,485</b>	<b>2,701</b>	<b>134,400</b>	<b>198,587</b>	<b>37,688</b>	<b>299,998</b>	<b>70,939</b>	<b>1,500,000</b>	<b>180,300</b>	<b>122,700</b>	<b>568,529</b>	<b>8,344,431</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 29,370</b>	<b>\$ 143,192</b>	<b>\$ 289</b>	<b>\$ (35,920)</b>	<b>\$ (70,275)</b>	<b>\$ (2,701)</b>	<b>\$ 30,600</b>	<b>\$ 101,413</b>	<b>\$ 462,312</b>	<b>\$ (299,998)</b>	<b>\$ 7,061</b>	<b>\$ -</b>	<b>\$ (180,300)</b>	<b>\$ 877,300</b>	<b>\$ 25,452,530</b>	<b>\$ 28,994,066</b>

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