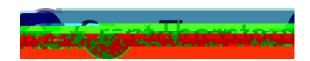
Financial Statements and Report of Independent Certified Public Accountants

The HALO Trust (USA), Inc.

March 31, 2016 with summarized comparative information for March 31, 2015)

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton LLP 1 South Street, Suite 2400 Baltimore, MD 21202-7304

T 410.685.4000 F 410.837.0587 www.GrantThornton.com

Board of Directors
The HALO Trust (USA), Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of MALO Trust (USA), Inc. (HALO), which comprise the statements of mixing position as of March 31, 2016, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparatidaiapdesentation of these financial statements in accordance with accounting principles general pted in the United States of America; this includes the design, implementation, and mainte 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.

Auditor's responsibility

Our responsibility is to express an opinion enactronsolidated final translatements based on our audit. We conducted our audit in accordaritheauditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Coller General of th United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing proceduresolation audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessmetheofisks of material misstatement of the consolidated financial statements, whether toufraud or error. In making those risk assessments, the auditor considers internal control relevant to HALO'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 HALO's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



Statements of Financial Position

March 3	2010	201!
Assets		
Cash	\$ 2,090,602\$	2,113,042
Accounts receivable:		
Grants	2,241,033	1,908,540
Other - VAT	199,740	99,202
Other		4,083
Deposits and prepaid expenses	34,101	53,332
Property and equipment	 2,795	2,329
Total Assets	\$ 4,568,27 \$	4,180,52
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 837,220\$	1,256,897
Due to The HALO Trust (UK)	266,536	326,860
Refundable advance	 _	3,551
Total current liabilities	1,103,756	1,587,308
Commitments and Contingencies	_	_
Net Assets		
Unrestricted	2,379,511	2,521,064
Temporarily restricted	 1,085,004	72,156
Total net asse	 3,464,51	2,593,22
Total Liabilities and Net Assets	\$ 4,568,27 \$	4,180,52

Statements of Activities

Year ended March 31, (with summarized comparative information for Ma	Unrestricted	Temporarily Restrictec	201(201!
Revenues and Suppo: Contributions Federated campaigns Government grants Grants and other Investment incon	\$ 218,531 \$ 18,350 — 13,151 1,18; 251,215	76,616 \$ — 18,237,714 2,128,253 — 20,442,583	295,147 \$ 18,350 18,237,714 2,141,404 1,18: 20,693,798	261,886 2,060 19,252,166 956,437 832 20,473,381
Net assets released from restriction for satisfaction of program activities	19,429,73	(19,429,73	_	_
Total revenues and sup;	19,680,95	1,012,84	20,693,79	20,473,38
Expenses: Program activities - overseas relief Management and general Fundraisin	18,542,948 1,282,387 20,20:	_ _ _	18,542,948 1,282,387 20,20	19,272,203 1,322,632 15,45
Total expens	19,845,54	_	19,845,54	20,610,29
Change in net assets, before foreign exchange rate adjustment	(164,590)	1,012,848	848,258	(136,910)

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Statements of Cash Flows

Years ended March 31,	2016	2015
Cash Flows from Operating Activities:		
Change in net assets \$	871,295\$	(129,130)
Adjustments necessary to reconcile net income to net cash		
provided by operating activities:		
Realized and unrealized foreign exchange transaction adjustment	(23,037)	(7,780)
Depreciation	1,572	2,430
Change in operating assets and liabilities:		
Accounts receivable - grants	(332,493)	150,028
Accounts receivable - other	(96,454)	26,014
Deposits and prepaid expenses	19,231	(24,213)
Accounts payable	(419,678)	151,174
Due to The HALO Trust (UK)	(60,324)	(181,747)
Refundable advance	(3,551)	(79,838)
Net Cash Used in Operating Activities	(43,439)	(93,062)

Cash Flows frc (a) Tj 6T 0 TD 0.02.76 j 319.32 00 Tj 0 74 Tcc (t) Tj 0 Tc (ivi Tc (f) T(at) Tj 0 Tc (inpcc (t) Tj Tcj 0 Tc (43)

Statements of Functional Expenses

Year ended March 31, 2016 (with su comparative information for March

Program Activities Overseas Relf8 Management and

Notes to Financial Statements

March 31, 2016 (with summarize attoormpformation for March 31, 2015)

NOTE 1—DESCRIPTION OF ORGANIZATION

The HALO Trust (USA), Inc. (HALO) is a non-fprofit corporation organized for the purpose of removal of the debris of war in various sand the world. HALO is supported primarily from grants by the United States Department of State and other agencies. HALO also receives support from foundations, individuals, and other organized charities.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash includes deposit accounts domiciled **Idrifte**d States of America and foreign countries. Cash equivalents include highly liquid debt **inetrts**, such as commerpiater, purchased with original maturities of three months or lesere were no cash equivalents at March 31, 2016 and 2015. Cash held at individual US institution that dixceed the federally insured limits at March 31, 2016 and 2015, respectively.

Net Asset Classification

All financial transactions have been recorded exprorted as either unrestricted or temporarily restricted net assets:

- x Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the missiorhef HALO Trust (USA), Inc., and are not subject to any donor-imposed stipulations.
- x Temporarily restricted net assets represent tamounts which are donor restricted for a specific purpose. When a donor restriction explicates, when a stipulated time restriction ends or a purpose restriction is accomplished,

Notes to Financial Statements—Continued

March 31, 2016 (with summarize attoormpformation for March 31, 2015)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Property and Equipment

HALO follows the practice of capitalizing all **extitute** sfor furniture and equipment having a cost in excess of \$1,500. Donated property **extitute** are similarly capitalized but at fair market value at the time of donation. Depreciatipense is recorded on a straight-line basis over the estimated useful lives of the related assets.

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

Tax Status

HALO follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issating to financial statement recognition and measurement. This guidance provides that the feats from an uncertain tax position can only be recognized in the financial statements it disition is "more-likely-tim-not" to be sustained if the position were to be challenged by a taxitimprity. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

HALO is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. HALO has processes presently in places to the maintenance of its tax-exempt status; to identify and report unrelated income; to deterits in the maintenance in jurisdictions for which it has nexus; and to identify and ev

Notes to Financial Statements—Continued

March 31, 2016 (with summarize attoormpformation for March 31, 2015)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenue Recognition—Continued

In the absence of donor restrictions, all contributions onsidered to be available for unrestricted use.

Allocation of Functional Expenses

The cost of programs and supprogractivities is summarized by their functional classification in the statement of activities and by their natassification in the statement of functional expenses. Accordingly, certain costs have been allocated program activities supporting services, as shown in the statement of functional expenses.

Use of Estimates

The preparation of financial statements in conflownth accounting principles generally accepted in the United States of America requires **greane**nt to make estimates and assumptions that affect certain reported amounts and disclosures diagrap, actual results could differ from those estimates.

Prior Year Summarized Financial Information

The financial statements include certain priosymmarized information. Such information does not include sufficient detail to constitute a ptasen in conformity with U.S. generally accepted accounting principles. Accordingly, such informational be read in conjunction with HALO's financial statements for the year ended Marc2035, from which the summarized information is derived.

Accounts Receivable

Accounts receivable consist of the second street and represent the amounts owed by the federal government for the expenditures incurred by HALO in accordance with the grant agreements.

Notes to Financial Statements—Continued

March 31, 2016 (with summarize attooring for march 31, 2015)

NOTE 3—PROPERTY AND EQUIPMENT

Notes to Financial Statements—Continued

March 31, 2016 (with summarize attoomptormation for March 31, 2015)

NOTE 7—COMMITMENTS AND CONTINGENCIES

Lease Commitments

HALO occupies office facilities in Washing DrC., under a lease emment which expires in March 2018. HALO is also responsible for its attachments of operating expenses and incremental adjustments including real estate taxes. Trottal xpeense for the year ended March 31, 2016 and 2015, was \$44,628 and \$63,282, respectively.

Minimum future rental commitments for the years ended March 31:

Year	Amount
2017 2018	\$ 42,014 _43,695
Total	\$ 85,709

Grant Commitments

As of March 31, 2016, HALO has \$ 10,6479,9 rant commitments for future program expenditures from U.S. government and other related grants.

Contingencies

Costs charged to the federal government underreimbursement grants and contracts are subject to government audit. Therefore, all such costs are subject to adjustment. Management believes that adjustments, if anyuld not have a significant effect on the financial statements.

HALO has reported a liability in accounts payable ovisions for severance to employees when they leave HALO in Angola, Cambodia, Colombia, Laos, Sri Lanka and Zimbabwe and annual payments to staff in Somaliland in the amous 788,998 and \$959,939 fals larch 31, 2016 and 2015, respectively.

Notes to Financial Statements—Continued

March 31, 2016 (with summarize atioempformation for March 31, 2015)

NOTE 8—CONCENTRATIONS OF CREDIT RISK AND REVENUE

Financial instruments, which potentially subject OHA concentrations of credit risk, consist principally of cash and accounts receivable. HAAiOtains its cash balances at various financial institutions in amounts which at times exceded deeally insured amounts. HALO also maintains bank and cash balances in various foreign steries institutions that may not carry insured limits. HALO has not had any losses related to any deposits.

For the years ended March 31, 2016 and 2015) have eived approximately 88% and 94% of its revenue from the U.S. Department of Stateothret federal agencies. Grants receivable due at March 31, 2016 and 2015, were \$2,241,033 and \$30,902 spectively, and are expected to be collectible. HALO's continued supplied these agencies is expected.

NOTE 9—RELATED PARTY TRANSACTIONS

HALO is allied with The HALO Trust (a Unequistered not-for-profit entity) due to common management between the organizations. The OHA rust provides management support, personnel, capital equipment from its stock held in the UK and general support. Such expenses were recharged to The HALO Trust (USA), Inc. for the year ended March 31, 2016 and 2015, in the amount of approximately \$3,80,And \$3,212,391, respectively.

NOTE 10—SUBSEQUENT EVENTS

Management has evaluated subsequent eventtana actions occurring through September 1, 2016, the date the financial statements were assulthere were no material subsequent events or transactions requiring disclosure or recognition.