

## Footnotes to HDF Financial Reports

The Human Development Foundation of North America (“HDF”) and its Board of Directors understand the concerns donors have regarding appropriate use of their funds and the desire that their donations should be used to benefit recipients of HDF’s program services. The following explanation is an attempt to address these concerns:

### A. Fundraising Expenses:

- a) HDF raises funds for its program services through three primary channels:
  - i. Fundraisers
  - ii. Direct mail campaigns
  - iii. Personal contacts
- b) The expenses related to fundraising activities include:
  - i. Direct expenses for holding the fundraisers, e.g. food, hall, speaker, entertainment etc.; and for direct mail campaigns, printing and mailing expenses, etc.
  - ii. Donor management and communication, e.g. maintaining our donor database, sending reminders for pledges, thank you letters, etc.
  - iii. Communication activities for keeping donors informed about the progress of HDF’s projects, e.g. our Annual Report to the Community and periodic newsletters.
- c) HDF is very sensitive to donor concerns about expense management and makes every effort to reduce our overall expenses. Every effort is made to meet the direct expenses of our special fund raising events through the sale of tickets or by soliciting donations in kind (e.g., sponsorship for food, printing expenses or hall costs, etc.).

### B. Administrative Expenses:

HDF is fortunate to have a group of donors, known as Sustaining Members, who have pledged to donate \$2,000 per year specifically towards operational expenses. This helps us reduce the use of your donations for overhead costs. Sustaining Member contributions are accounted for in our overall revenue and are not reflected as offsets in our overall administrative expense reporting. In 2004, HDF received approximately \$28,300 of donations, which were earmarked specifically for administrative expenses.

### C. Meeting Expenses:

Every nonprofit organization, including HDF, must hold regular meetings to carry out its work and to comply with regulatory agency requirements. All attendees at HDF meetings, including board members, volunteers, and observers pay for their own travel, room and meal costs. HDF does, however, pay expenses related to staff members' attendance at these meetings (generally limited to two staff members per meeting). Board members and other Board meeting attendees also pay a registration fee for each meeting

that helps to defray the costs of conducting the meeting including renting a meeting room, providing meals, and producing materials necessary for the meeting.

These registration fees are accounted for as part of our normal revenue, and they are not reflected in the “Meeting Expenses” reporting line.

#### D. Program Monitoring and Evaluation:

Many HDF board members travel to Pakistan for the specific purpose of overseeing the activities of the organization in Pakistan. Such board members pay all costs related to their travel and accommodations, including travel within Pakistan, without reimbursement from HDF.

#### E. Zakat Donations:

Zakat donations go into a separate Zakat Fund and are used exclusively towards program services in Pakistan. All donations to the Zakat Fund are transferred to Pakistan within the fiscal year. Zakat donations are not utilized to meet any administrative costs of the organization.

#### F. Other Investment Income:

Other investment income consists of gains or losses in marketable securities from HDF’s endowment fund only. Endowment funds are restricted funds donated by Founding Members that have been specifically designated for the endowment and do not include regular or Zakat donations. No funds other than endowment funds are invested in any kind of risk bearing investment vehicle.

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HDF is a US based, independent, grassroots, not-for-profit 501(c)3 organization. It is not affiliated with and does not receive money from or contribute money to any government, or government entity.