INNOVATIONS FOR POVERTY ACTION

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

Years Ended December 31, 2023 and 2022

INNOVATIONS FOR POVERTY ACTION

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2023 AND 2022

CONTENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Innovations for Poverty Action
New York, NY

Opinion

We have audited the financial statements of Innovations for Poverty Action (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits. 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 for 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 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

Mayer Hoffman McCann CPAs
The New York Practice of Mayer Hoffman McCann P.C.
An Independent CPA Firm

685 Third Avenue
New York, NY 10017

Phone: 212.503.8800
mhmcpa.com

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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audits 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 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.

Mayer Hoffman McCann CPAs

New York, NY
July 29, 2024

INNOVATIONS FOR POVERTY ACTION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents (Notes 2D, 12A and 12B)	$ 19,594,901	$ 19,865,910
Restricted cash (Notes 2D and 8A)	-	200,034
Grants and contracts receivable, net (Notes 2F and 2G)	9,733,696	11,159,162
Contributions receivable (Notes 2E and 4)	588,589	4,687,552
Other receivable, net (Note 2G)	-	668,183
Prepaid expenses and other assets (Note 2I)	1,715,381	1,498,885
Property and equipment, net (Notes 2J, 5 and 12B)	254,794	373,920
Right-of-use leased assets - operating (Note 7)	180,655	377,637
TOTAL ASSETS	$ 32,068,016	$ 38,831,283
LIABILITIES		
Accounts payable and accrued expenses (Notes 8B, 8D and 12B)	$ 2,160,731	$ 3,448,714
Accrued salaries, vacation and other benefits	1,411,670	1,113,376
Deferred revenue (Notes 2F and 2K)	18,052,434	22,056,105
Lease liabilities - operating (Note 7)	182,005	354,390
TOTAL LIABILITIES	21,806,840	26,972,585
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS (Notes 2B and 9)		
Net assets without donor restrictions	6,696,482	6,981,146
Net assets with donor restrictions	3,564,694	4,877,552
TOTAL NET ASSETS	10,261,176	11,858,698
TOTAL LIABILITIES AND NET ASSETS	$ 32,068,016	$ 38,831,283

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

INNOVATIONS FOR POVERTY ACTION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	For the Year Ended December 31, 2023			For the Year Ended December 31 2022		
OPERATING ACTIVITIES:	**Without Donor Restrictions**	**With Donor Restrictions**	**Total 2023**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total 2022**
REVENUE, GRANTS AND OTHER (Note 12B)						
Public Support						
Grants - government, foundations, private sector and other (Notes 2F and 8C)	$ 32,412,145	$ -	$ 32,412,145	$ 30,852,221	$ -	$ 30,852,221
Contracts - universities and other (Notes 2F, 2G and 8C)	12,243,539	-	12,243,539	10,169,541	-	10,169,541
Contributions (Note 2E)	1,110,413	5,679,412	6,789,825	7,903,808	4,917,552	12,821,360
Paycheck Protection Program grant (Note 11)	-	-	-	41,640	-	41,640
Consultancy and other income (Note 8D)	1,779,080	-	1,779,080	941,483	-	941,483
Net assets released from restrictions (Notes 2B and 9)	6,992,270	(6,992,270)	-	1,445,012	(1,445,012)	-
TOTAL REVENUE, GRANTS AND OTHER	54,537,447	(1,312,858)	53,224,589	51,353,705	3,472,540	54,826,245
EXPENSES (Note 2L)**:**						
Program services	41,940,649	-	41,940,649	38,251,054	-	38,251,054
Management and general	11,776,566	-	11,776,566	10,238,000	-	10,238,000
Fundraising	713,751	-	713,751	786,730	-	786,730
TOTAL EXPENSES	54,430,966	-	54,430,966	49,275,784	-	49,275,784
Change In Net Assets From Operations Before Foreign Currency Translation Adjustment	106,481	(1,312,858)	(1,206,377)	2,077,921	3,472,540	5,550,461
Foreign currency translation adjustment (Note 2M)	(391,145)	-	(391,145)	(318,945)	-	(318,945)
TOTAL CHANGE IN NET ASSETS	(284,664)	(1,312,858)	(1,597,522)	1,758,976	3,472,540	5,231,516
Net assets - beginning of year	6,981,146	4,877,552	11,858,698	5,222,170	1,405,012	6,627,182
NET ASSETS - END OF YEAR	$ 6,696,482	$ 3,564,694	$ 10,261,176	$ 6,981,146	$ 4,877,552	$ 11,858,698

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

INNOVATIONS FOR POVERTY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for 2022)

	Year Ended December 31, 2023				
	Program Services	**Management and General**	**Fundraising**	**Total 2023**	**Total 2022**
Salaries	$ 17,714,518	$ 7,331,010	$ 367,900	$ 25,413,428	$ 22,978,297
Payroll taxes and other benefits (Note 10)	4,970,775	1,419,986	40,870	6,431,631	5,476,859
Total salaries and related costs	22,685,293	8,750,996	408,770	31,845,059	28,455,156
Professional fees	3,806,912	1,503,914	135,000.00	5,445,826	4,486,958
Subgrants	3,610,664	-	-	3,610,664	2,408,238
Travel and transportation	4,342,477	541,682	15,111	4,899,270	4,056,919
Occupancy (Note 7)	887,520	173,669	24,299	1,085,488	1,120,377
Survey costs	6,981	-	-	6,981	1,580,032
Other operating expenses	1,007,453	284,010	70,352	1,361,815	1,538,917
Computer and network	1,144,516	29,670	37,511	1,211,697	1,112,405
Office expense	973,319	137,475	9,970	1,120,764	1,152,446
Program supplies	1,645,253	-	-	1,645,253	1,144,825
Outside services	466,947	-	-	466,947	672,666
Conference and trainings	719,169	180,462	508	900,139	819,479
Insurance	202,116	63,705	12,230	278,051	262,428
Bad debts	126,474	-	-	126,474	-
Motor vehicle expense	309,238	-	-	309,238	358,822
Depreciation and amortization (Notes 2J and 5)	6,317	110,983	-	117,300	106,116
TOTAL EXPENSES	$ 41,940,649	$ 11,776,566	$ 713,751	$ 54,430,966	$ 49,275,784

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

INNOVATIONS FOR POVERTY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	$ 17,084,842	$ 5,458,749	$ 434,706	$ 22,978,297
Payroll taxes and other benefits (Note 10)	3,393,670	1,893,792	189,397	5,476,859
Total salaries and related costs	20,478,512	7,352,541	624,103	28,455,156
Professional fees	2,997,522	1,489,436	-	4,486,958
Subgrants	2,408,238	-	-	2,408,238
Travel and transportation	3,685,148	353,725	18,046	4,056,919
Occupancy (Note 7)	901,016	188,922	30,439	1,120,377
Survey costs	1,580,032	-	-	1,580,032
Other operating expenses	1,271,079	221,708	46,130	1,538,917
Computer and network	779,141	293,399	39,865	1,112,405
Office expense	991,131	145,609	15,706	1,152,446
Program supplies	1,144,825	-	-	1,144,825
Outside services	670,897	1,769	-	672,666
Conference and trainings	752,080	67,181	218	819,479
Insurance	211,575	38,630	12,223	262,428
Motor vehicle expense	357,452	1,370	-	358,822
Depreciation and amortization (Notes 2J and 5)	22,406	83,710	-	106,116
TOTAL EXPENSES	$ 38,251,054	$ 10,238,000	$ 786,730	$ 49,275,784

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

INNOVATIONS FOR POVERTY ACTION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,597,522)	$ 5,231,516
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	117,300	106,116
Loss on disposal of equipment	1,826	-
Bad debts	126,474	-
Reduction in carrying amount of right-of-use assets - operating	391,579	276,050
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Grants and contracts receivable	1,298,992	(1,524,793)
Contributions receivable	4,098,963	(3,282,540)
Other receivable, net	668,183	(357,723)
Prepaid expenses and other assets	(216,496)	(409,071)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,287,983)	(723,909)
Accrued salaries, vacation and other benefits	298,294	635,206
Refundable advance	-	(41,640)
Deferred revenue	(4,003,671)	2,564,457
Lease liabilities - operating	(366,982)	(299,297)
Net Cash (Used in) Provided by Operating Activities	(471,043)	2,174,372
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(192,187)
Net Cash Used in Investing Activities	-	(192,187)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(471,043)	1,982,185
Cash, cash equivalents and restricted cash - beginning of year	20,065,944	18,083,759
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 19,594,901	$ 20,065,944
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for income tax liabilities	$ 49,471	$ 43,075

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Innovations for Poverty Action (the "Organization" or "IPA") is a global research and policy nonprofit that discovers and advances what works to improve the lives of people living in poverty.

Limited evidence exists on what works to help people living in poverty, and the evidence that does exist often goes unused. This leads to programs that are either ineffective or not as effective as they could be, and often to wasted money and enduring poverty. IPA exists to solve these problems. IPA tests promising ideas across contexts and along the path to scale, proactively engages key decision-makers throughout the research process, shares findings with the right people at the right time and equips partners with the skills and tools they need to use data and evidence.

Since IPA's founding in 2002, the Organization has worked with over 600 leading academics to conduct over 900 evaluations in 52 countries. This research has informed hundreds of successful programs that now impact hundreds of millions of lives worldwide.

The Organization is a public charity, classified as a 501(c)(3) organization, and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code.

Accomplishments
A selection of the Organization's key accomplishments from 2023 are as follows:

The Organization expanded its work on programs affecting the lives of displaced people with the launch of the Displaced Livelihoods Initiative (DLI). The DLI will support cutting-edge research and policy work to discover and advance solutions to help displaced people rebuild their lives and livelihoods after being forced to flee their homes. The Organization is partnering with the Abdul Latif Jameel Poverty Action Lab (J-PAL) on this initiative, which is supported by a five-year, U.S. $10 million grant from the IKEA Foundation.

The Organization published a landmark report titled, "Best Bets: Emerging Opportunities for Impact at Scale". "Best Bets" are a set of interventions that hold great potential to solve key challenges but require more evidence and/or partnerships to work on a large scale. To compile the list, the Organization's sectoral experts and academic partners reviewed hundreds of studies and identified the most promising emerging innovations with the greatest potential to scale, taking into account factors such as the strength of the evidence, impacts, cost and other scalability considerations.

The Organization continued to see its research contribute to evidence-informed policies, improving the lives of millions of people. One such example: through a 10-year multi-step research and technical assistance partnership, the Organization helped the Ghanaian government develop a scalable version of Differentiated Instruction, which has demonstrated impact on learning outcomes. With the Organization's support, the government, the World Bank and other development partners are starting to scale up the program to over 10,000 schools and over 1.8 million children across Ghana.

The Organization continued to grow its Embedded Evidence Labs and collaborate with government partners to institutionalize the use of data and evidence in public policymaking. The Labs assist government partners with establishing and strengthening data infrastructure/systems, supporting evidence-generation agendas, providing guidance on evidence utilization and facilitating the institutionalization of data and evidence within specific ministries to ensure the sustained use of data and evidence even after the engagement is finalized. In 2023, the organization had 21 labs either active or in the pipeline across Africa, Asia and Latin America.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates*** – The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. ***Basis of Presentation*** – The Organization maintains its net assets under the following two classes:

- Net assets without donor restrictions – This represents net assets not subject to donor-imposed stipulations that have no time restrictions and can be expended at the discretion of the Board of Directors.

- Net assets with donor restrictions – This represents net assets subject to donor-imposed stipulations that will be met by actions of the Organization or by the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

C. ***Use of Estimates*** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

D. ***Cash and Cash Equivalents*** – Cash equivalents are highly liquid debt instruments with maturities of 90 days or less when acquired. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as December 31:

	2023	2022
Cash and cash equivalents	$ 19,594,901	$ 19,865,910
Restricted cash	-	200,034
Total in the statements of cash flows	$ 19,594,901	$ 20,065,944

E. ***Contributions*** – The Organization records contributions of cash and other assets when an unconditional promise to give is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either net assets without donor restrictions or net assets with donor restrictions depending on the existence of any donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Contributions are accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) ("ASU 2018-08").

F. ***Grants and Contracts*** – The Organization receives grants and contracts from governmental entities, foundations and the private sector which are primarily expense reimbursement agreements; however, some arrangements are performance-based. Grants and contracts from governmental entities, foundations and the private sector are conditional contributions and are accounted for under ASU 2018-08. Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Grants and contracts received from governmental entities, foundations and the private sector amounted to $32,412,145 and $30,852,221 for the years ended December 31, 2023 and 2022, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of December 31, 2023 and 2022, the Organization received conditional grants and contracts from government agencies, foundations, private sector and universities in the aggregate amounts of approximately $69,000,000 and $67,000,000, respectively. Such grants and contracts have not been recognized in the accompanying financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements and/or meeting certain milestones. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Organization may be required to return the funds already received.

In addition, the Organization enters into written grants and contract agreements with funders, namely universities, to perform research to discover and promote effective solutions to global poverty problems. The output and final results of the research is owned by the universities. Such grants and contracts are accounted for under FASB ASU 2014-09, "*Revenue from Contracts with Customers*" (Topic 606).

For the years ended December 31, 2023 and 2022, the Organization's grants and contracts from universities and other funders amounted to $12,243,539 and $10,169,541, respectively.

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations are satisfied at a point in time at which services are provided. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. At contract inception, the Organization assesses the services promised in its contracts with the funder and identifies performance obligations for each promise to transfer to the customer a service that is distinct.

Deferred revenue, which amounted to approximately $18.1 million and $22.1 million as of December 31, 2023 and 2022, respectively, primarily consists of advances the Organization received for conditional grants and contributions which will be recognized as revenue during the period services are rendered. The Organization applies the practical expedient FASB Accounting Standards Codification ("ASC") Topic 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

G. ***Allowance for Credit Losses*** – The Organization's management evaluates the need for an allowance for doubtful accounts applicable to its contributions, grants and other receivables based on a combination of factors, such as management's estimate of the creditworthiness of its donors, a review of individual accounts outstanding, the aged basis of the receivables, current economic conditions and historical experience. As of December 31, 2023 and 2022, the Organization determined that an allowance of approximately $343,000 and $361,000, respectively, was necessary for grants and contracts and other receivable and no allowance was necessary for contributions receivable.

The following table summarized the activity related to the allowance for credit losses for the year ended December 31, 2023 and 2022, respectively, under the current expected credit loss ("CECL") methodology:

	2023	2022
Balance, January 1	$ 165,513	$ 126,971
Provisions for credit losses	188,248	77,917
Charge-offs	(200,243)	(39,375)
Balance, December 31	$ 153,518	$ 165,513

H. ***Contributed Services and Supplies*** – The Organization recognizes donated services at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, but do not meet the criteria for financial statement recognition. General volunteer services do not meet these criteria for recognition.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ***Prepaid Expenses and Other Assets*** – Prepaid expenses and other assets consist of payments made in advance on insurance policies and service contracts. The expense is recognized pro-ratably over the contract term throughout the year.

J. ***Property and Equipment*** – Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. The Organization capitalizes all property and equipment having a useful life of greater than three years and a cost of $5,000 or more. Expenses for maintenance and repairs are charged to operations as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, with any net gain or loss reflected in the statements of activities for the period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

K. ***Deferred Revenue*** – The Organization receives advances for conditional grants and contributions. Deferred revenue also includes cash in advance of conference events that are to be held after the date of the statement of financial position.

L. ***Functional Allocation of Expenses*** – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain expenses have been allocated among the programs and the supporting services benefited as determined by management. The expenses that are allocated include salaries and payroll taxes and employee benefits, conference and training, insurance and travel, which are allocated based on estimates of time and effort. Other allocated expenses include occupancy, insurance and depreciation and amortization, which are allocated based on square footage, professional fees, travel, insurance, conference and training and office expenses.

M. ***Foreign Currency Translation*** – The Organization uses the functional currency of their country offices. The Organization's reporting currency is the U.S. dollar. Assets and liabilities of the Organization's foreign operations are translated into U.S. dollars at year-end exchange rates. Revenue and expense accounts and cash flows are translated using an average of exchange rates in effect during the period. Exchange gains and losses from transactions denominated in a foreign currency are recognized as a foreign currency translation adjustment on the statements of activities.

N. ***Recent Accounting Pronouncements*** – On January 1, 2023, the Organization adopted FASB ASU 2016-03, *Financial Instruments – Credit Losses*, (Topic 326), *Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current condition, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost which will be presented at the net amount expected to be collected by using an allowance for credit losses.

   The Organization adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023, using the modified retrospective approach for all financial assets measured at amortized costs. The adoption had no effect on the change in net assets as previously reported.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity need, the Organization could also draw upon $1,200,000 of its available line of credit (Note 6).

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31:

	2023	2022
Cash and cash equivalents	$ 19,594,901	$ 19,865,910
Grants and contracts receivable, net	9,733,696	11,159,162
Contributions receivable due in less than one year	588,589	4,687,552
Other receivable, net	-	668,183
Total financial assets	29,917,186	36,380,807
Less: net assets with donor restrictions - purpose	(1,329,683)	(200,000)
	$ 28,587,503	$ 36,180,807

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of December 31:

	2023	2022
Amounts due in less than one year	$ 588,589	$ 4,687,552
Total contributions receivable	$ 588,589	$ 4,687,552

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following as of December 31:

	2023	2022
Computer equipment	$ 657,564	$ 514,841
Construction in progress	-	162,307
Total cost	657,564	677,148
Less: accumulated depreciation	(402,770)	(303,228)
Net book value	$ 254,794	$ 373,920

Depreciation expense amounted to $117,300 and $106,116 for the years ended December 31, 2023 and 2022, respectively. During the year ended December 31, 2023, the Organization disposed of equipment with an original cost of $19,584, which resulted in a loss of $1,826 for the year ended December 31, 2023.

NOTE 6 – LINE OF CREDIT

The Organization has an annual auto-renewed line of credit with a financial institution in the amount of $1,200,000. The line bears interest at the Prime rate, which was 8.50% and 8.00% as of December 31, 2023 and 2022, respectively. The line of credit is collateralized by substantially all of the Organization's assets. As of December 31, 2023 and July 29, 2024, there were no borrowings on the line of credit.

NOTE 7 – LEASES

The Organization leases various office space for its headquarters in multiple locations expiring through December 2024. The Organization adopted FASB ASC 2016-02, *Leases*, Topic 842, for the year ended December 31, 2022 using the modified retrospective approach.

As of December 31, 2023 and 2022, the right-of-use assets balance totaled $180,655 and $377,637, respectively, and the lease liabilities totaled $182,005 and $354,390, respectively, as shown in the statements of financial position. For the years ended December 31, 2023 and 2022, the weighted average of the remaining lease term is 1.37 and 1.13 years, respectively, and the weighted average discount rate is 4.04% and 2.06%, respectively. The right-of-use assets and lease liabilities were calculated utilizing discount rates of .78%-5.12% using the risk-free rate commensurate with the term of the Organization's operating leases.

For the years ended December 31, 2023 and 2022, rent expense amounted to approximately $737,000 and $727,000, respectively, of which approximately $449,000 and $402,000, respectively, is related to foreign operations. Lease costs for the years ended December 31, 2023 and 2022 comprised operating lease costs of approximately $369,000 and $296,000, respectively, and short-term lease costs of approximately $398,000 and $431,000, respectively. Total cash paid by the Organization in the determination of the operating lease liabilities totaled $366,982 and $299,297 for the years ended December 31, 2023 and 2022, respectively.

Future minimum lease payments under these leases for the years ending subsequent to December 31, 2023, are as follows:

2024	$	138,640
2025		37,157
2026		12,329
Total lease payments		188,126
Less: present value discount		(6,121)
Present value of lease liabilities	$	182,005

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. The Organization has an outstanding letter of credit of $200,034 as of December 31, 2022. The letter of credit, which was secured by restricted cash, serves primarily as security in connection with one of the Organization's foreign projects. There was no outstanding amount as of December 31, 2023.

B. The Organization has received grants and contracts for specific purposes that are subject to review, audit and adjustment by the grantors. Such audits could lead to requests for reimbursements to such donors for any expenditures or claims disallowed under the terms of the agreements. Based on prior experience, management believes such disallowances, if any, will not be material to the financial statements. In connection with its mission, the Organization maintains facilities outside the United States in 19 countries. Compliance with laws and regulations within each of these countries is subject to review by the corresponding governmental agencies. Management has identified potential tax liabilities related to doing business in various foreign countries and has hired experts for assistance. For countries where estimates are determinable, liabilities amounting to approximately $342,000 and $361,000, respectively, have been recognized as of December 31, 2023 and 2022, which is reflected in the accompanying statements of financial position in accounts payable and accrued expenses.

C. Pursuant to the Organization's contractual relationships with certain governmental funding sources, governmental agencies have the right to examine the books and records of the Organization that involve transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances.

NOTE 8 – COMMITMENTS AND CONTINGENCIES (Continued)

D. In the normal course of its operations, the Organization is a defendant in various legal proceedings. As of December 31, 2023 and 2022, the likelihood of an unfavorable outcome of a potential loss from the legal proceedings is an estimated liability of approximately $17,000 and $655,000, respectively, which is reflected in the accompanying statements of financial position in accounts payable and accrued expenses. For the year ended December 31, 2023, the Organization wrote-off approximately $585,000 of the estimated liability which is recognized as other income in the statement of activities. For the years ended December 31, 2023 and 2022, the Organization made payments of approximately $53,000 and $173,000, respectively, against the estimated liability.

E. The Organization believes it has no uncertain tax positions as of December 31, 2023 and 2022, in accordance with FASB ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purpose as of December 31:

	2023	2022
Time and purpose restricted	$ 3,564,694	$ 4,877,552
	$ 3,564,694	$ 4,877,552

For the years ended December 31, 2023 and 2022, net assets with donor restrictions released from those restrictions due to expenses incurred, satisfying the restricted purposes or through the occurrence of other events specified by donors amounted to $6,992,270 and $1,445,012, respectively.

NOTE 10 – RETIREMENT PLAN

The Organization maintains a defined contribution plan in which all of the Organization's employees are automatically enrolled once they have met certain eligibility requirements.

Employees are eligible for a matching contribution from the Organization of up to 3% of salary, which will vest immediately after 90 days. Contribution expense recorded by the Organization amounted to $1,070,464 and $664,674 for the years ended December 31, 2023 and 2022, respectively.

NOTE 11 – PAYCHECK PROTECTION PROGRAM

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

As of December 31, 2021, the Organization had an outstanding refundable advance in the amount of $41,640 from their first PPP loan. During the year ended December 31, 2022, the Organization had determined that they had incurred sufficient qualifying expenses and had met other conditions for forgiveness and accordingly recorded grant income amounting to $41,640, which is included in the accompanying statement of activities. The PPP loan was forgiven on July 23, 2021.

NOTE 12 – CONCENTRATION

A. Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Accounts are insured up to $250,000 per depositor per insured financial institution. As of December 31, 2023 and 2022, there was approximately $9,151,000 and $18,035,000 of cash and cash equivalents held by banks that exceeded FDIC limits, respectively.

B. As of December 31, 2023 and 2022, assets in other countries, including cash, totaled $1,822,806 and $1,193,020, respectively, property and equipment, net of accumulated depreciation, amounted to $10,744 and $14,916, respectively, and liabilities in other countries were $939,577 and $893,295, respectively. Total overseas support and revenue received from foreign sources amounted to $16,046,061 and $13,213,126 for the years ended December 31, 2023 and 2022, respectively. Account balances relating to foreign operations are reflected in the financial statements in U.S. dollars.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through July 29, 2024, the date the financial statements were available to be issued.