



INNOVATIONS FOR POVERTY ACTION



FINANCIAL STATEMENTS (Together with Independent Auditors' Report)

Years Ended December 31, 2024 and 2023

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CBIZ CPAs P.C.

685 Third Avenue
New York, NY 10017

P: 212.503.8800

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, 2024 and 2023, 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, 2024 and 2023, 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 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.

CBIZ CPAs P.C.

New York, NY
July 31, 2025

**INNOVATIONS FOR POVERTY ACTION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023**

ASSETS	2024	2023
Cash and cash equivalents (Notes 2D, 11A and 11B)	\$ 19,710,182	\$ 19,594,901
Grants and contracts receivable, net (Notes 2F and 2G)	11,614,300	9,733,696
Contributions receivable (Notes 2E and 4)	337,562	588,589
Prepaid expenses and other assets (Note 2I)	1,498,824	1,715,381
Property and equipment, net (Notes 2J, 5 and 11B)	222,429	254,794
Right-of-use leased assets - operating (Note 7)	<u>48,196</u>	<u>180,655</u>
TOTAL ASSETS	<u>\$ 33,431,493</u>	<u>\$ 32,068,016</u>
LIABILITIES		
Accounts payable and accrued expenses (Notes 8A, 8C and 11B)	\$ 2,341,921	\$ 2,160,731
Accrued salaries, vacation and other benefits	1,782,391	1,411,670
Deferred revenue (Notes 2F and 2K)	24,685,829	18,052,434
Lease liabilities - operating (Note 7)	<u>45,631</u>	<u>182,005</u>
TOTAL LIABILITIES	<u>28,855,772</u>	<u>21,806,840</u>
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS (Notes 2B and 9)		
Net assets without donor restrictions	2,964,517	6,696,482
Net assets with donor restrictions	<u>1,611,204</u>	<u>3,564,694</u>
TOTAL NET ASSETS	<u>4,575,721</u>	<u>10,261,176</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,431,493</u>	<u>\$ 32,068,016</u>

INNOVATIONS FOR POVERTY ACTION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	For the Year Ended December 31, 2024			For the Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total 2024	Without Donor Restrictions	With Donor Restrictions	Total 2023
OPERATING ACTIVITIES:						
REVENUE, GRANTS AND OTHER (Note 11B)						
Public Support						
Grants - government, foundations, private sector and other (Notes 2F and 8B)	\$ 33,262,744	\$ -	\$ 33,262,744	\$ 32,412,145	\$ -	\$ 32,412,145
Contracts - universities and other (Notes 2F, 2G and 8B)	13,055,609	-	13,055,609	12,243,539	-	12,243,539
Contributions (Note 2E)	3,735,067	2,272,094	6,007,161	1,110,413	5,679,412	6,789,825
Consultancy and other income (Note 8C)	484,764	-	484,764	1,779,080	-	1,779,080
Net assets released from restrictions (Notes 2B and 9)	4,225,584	(4,225,584)	-	6,992,270	(6,992,270)	-
TOTAL REVENUE, GRANTS AND OTHER	<u>54,763,768</u>	<u>(1,953,490)</u>	<u>52,810,278</u>	<u>54,537,447</u>	<u>(1,312,858)</u>	<u>53,224,589</u>
EXPENSES (Note 2L):						
Program services	44,468,245	-	44,468,245	41,940,649	-	41,940,649
Management and general	12,398,129	-	12,398,129	11,776,566	-	11,776,566
Fundraising	1,028,047	-	1,028,047	713,751	-	713,751
TOTAL EXPENSES	<u>57,894,421</u>	<u>-</u>	<u>57,894,421</u>	<u>54,430,966</u>	<u>-</u>	<u>54,430,966</u>
Change In Net Assets From Operations Before Foreign Currency Translation Adjustment	(3,130,653)	(1,953,490)	(5,084,143)	106,481	(1,312,858)	(1,206,377)
Foreign currency translation adjustment (Note 2M)	(601,312)	-	(601,312)	(391,145)	-	(391,145)
TOTAL CHANGE IN NET ASSETS	<u>(3,731,965)</u>	<u>(1,953,490)</u>	<u>(5,685,455)</u>	<u>(284,664)</u>	<u>(1,312,858)</u>	<u>(1,597,522)</u>
Net assets - beginning of year	<u>6,696,482</u>	<u>3,564,694</u>	<u>10,261,176</u>	<u>6,981,146</u>	<u>4,877,552</u>	<u>11,858,698</u>
NET ASSETS - END OF YEAR	<u>\$ 2,964,517</u>	<u>\$ 1,611,204</u>	<u>\$ 4,575,721</u>	<u>\$ 6,696,482</u>	<u>\$ 3,564,694</u>	<u>\$ 10,261,176</u>

INNOVATIONS FOR POVERTY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	Year Ended December 31, 2024				Total
	Program Services	Management and General	Fundraising	2024	2023
Salaries	\$ 18,829,831	\$ 7,619,122	\$ 556,443	\$ 27,005,396	\$ 25,413,428
Payroll taxes and other benefits (Note 10)	6,171,322	1,505,916	206,869	7,884,107	6,431,631
Total salaries and related costs	25,001,153	9,125,038	763,312	34,889,503	31,845,059
Professional fees	2,680,971	1,572,473	86,527	4,339,971	5,445,826
Subgrants	3,482,661	-	-	3,482,661	3,610,664
Travel and transportation	4,849,482	382,239	22,633	5,254,354	4,899,270
Occupancy (Note 7)	925,052	174,586	31,038	1,130,676	1,085,488
Survey costs	17,452	-	-	17,452	6,981
Other operating expenses	1,294,044	426,400	54,760	1,775,204	1,361,815
Computer and network	871,904	357,482	47,997	1,277,383	1,211,697
Office expense	759,566	124,180	10,400	894,146	1,120,764
Program supplies	2,523,791	2,396	-	2,526,187	1,645,253
Outside services	228,146	2,548	-	230,694	466,947
Conference and trainings	1,014,130	68,793	6,336	1,089,259	900,139
Insurance	206,379	69,303	5,044	280,726	278,051
Bad debts	464,964	-	-	464,964	126,474
Motor vehicle expense	139,853	1,608	-	141,461	309,238
Depreciation (Notes 2J and 5)	8,697	91,083	-	99,780	117,300
TOTAL EXPENSES	\$ 44,468,245	\$ 12,398,129	\$ 1,028,047	\$ 57,894,421	\$ 54,430,966

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**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 17,714,518	\$ 7,331,010	\$ 367,900	\$ 25,413,428
Payroll taxes and other benefits (Note 10)	4,970,775	1,419,986	40,870	6,431,631
Total salaries and related costs	22,685,293	8,750,996	408,770	31,845,059
Professional fees	3,806,912	1,503,914	135,000	5,445,826
Subgrants	3,610,664	-	-	3,610,664
Travel and transportation	4,342,477	541,682	15,111	4,899,270
Occupancy (Note 7)	887,520	173,669	24,299	1,085,488
Survey costs	6,981	-	-	6,981
Other operating expenses	1,007,453	284,010	70,352	1,361,815
Computer and network	1,144,516	29,670	37,511	1,211,697
Office expense	973,319	137,475	9,970	1,120,764
Program supplies	1,645,253	-	-	1,645,253
Outside services	466,947	-	-	466,947
Conference and trainings	719,169	180,462	508	900,139
Insurance	202,116	63,705	12,230	278,051
Bad debts	126,474	-	-	126,474
Motor vehicle expense	309,238	-	-	309,238
Depreciation (Notes 2J and 5)	6,317	110,983	-	117,300
TOTAL EXPENSES	\$ 41,940,649	\$ 11,776,566	\$ 713,751	\$ 54,430,966

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, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (5,685,455)	\$ (1,597,522)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	99,780	117,300
Loss on disposal of equipment	-	1,826
Bad debts	464,964	126,474
Reduction in carrying amount of right-of-use assets - operating	132,459	391,579
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Grants and contracts receivable	(2,345,568)	1,298,992
Contributions receivable	251,027	4,098,963
Other receivable, net	-	668,183
Prepaid expenses and other assets	216,557	(216,496)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	181,190	(1,287,983)
Accrued salaries, vacation and other benefits	370,721	298,294
Deferred revenue	6,633,395	(4,003,671)
Lease liabilities - operating	<u>(136,374)</u>	<u>(366,982)</u>
Net Cash Provided by (Used in) Operating Activities	<u>182,696</u>	<u>(471,043)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(67,415)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(67,415)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	115,281	(471,043)
Cash, cash equivalents and restricted cash - beginning of year	<u>19,594,901</u>	<u>20,065,944</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 19,710,182</u>	<u>\$ 19,594,901</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for income tax liabilities	<u>\$ 75,103</u>	<u>\$ 49,471</u>

**INNOVATIONS FOR POVERTY ACTION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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 IPA’s key accomplishments from 2024 are as follows:

Since IPA’s founding in 2002, it has worked with over 1,200 researchers to conduct more than 1,000 projects (265 are active and 979 completed) across 60 countries. In 2024, IPA continued to generate new evidence and scaled up cost-effective, evidence-informed poverty intervention programs across multiple countries.

In collaboration with partners, IPA continues to produce rigorous research across many lower- and middle-income countries that leads to improved lives. For example, in Mali, IPA designed an intervention, Village Input Fairs (VIF), that brings together farmers, dealers and microfinance institutions. The results showed that VIFs increase demand and usage of fertilizer in rural areas, addressing the last-mile problem of missing markets in rural areas. Informed by the results of this study, researchers are scaling a version of the VIF in Mali and Ghana with the potential to reach thousands of people.

Climate change and environmental degradation disproportionately affect those living in poverty, yet there is not enough evidence about effective policies and solutions. In 2024, IPA launched a new sector on environment and climate to advance a strategic research and policy agenda focused on solutions that simultaneously improve people’s welfare while adapting to climate change, reducing emissions and protecting the environment.

IPA also made progress in 2024 on policy-relevant research-to-scale pathways through strategic collaborations. In Liberia, IPA worked with 4-H and AgriCorps to lay the groundwork for national adoption of a school-based agricultural education program. In Colombia, IPA partnered with the national child welfare agency to scale the Heal to Grow mental health program and strengthen the agency’s evidence use through an Embedded Evidence Lab.

IPA’s support for evidence-informed policymaking continued through its global network of Embedded Evidence Labs, which grew to 24 labs in 16 countries covering eight sectors. In Peru, a new lab was launched in collaboration with the Agency for Environmental Assessment and Enforcement to improve the use of data and evidence in environmental supervision. Across all Labs, IPA supports ministries and government agencies to improve data systems, build institutional capacity and sustain the use of evidence to make data informed decisions that improve lives.

**INNOVATIONS FOR POVERTY ACTION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

Accomplishments (Continued)

IPA continued to advance the work on what it identified as Best Bets: Emerging Opportunities for Impact at Scale, including working with the government of Sierra Leone on Social Incentives for Childhood Immunization. In Sierra Leone, where immunization is valued, but not fully adhered to, IPA worked with researchers and the Ministry of Health and Sanitation to test the impact of immunization rates of highly visible bracelets for children, signaling whether and to what extent children had completed their immunization schedules. The study found that bracelets signaling all immunizations had been completed increased timely and complete vaccination by 14 percentage points, at a cost of roughly US\$1 per child.

IPA also invested in strategy and operations in 2024, including launching a Data Science and Engineering team. The goal of the team is to apply machine learning and artificial intelligence to enable IPA and its partners to acquire better, faster and cheaper data insights. The team provides direct technical support in the design, development, testing and deployment of data solutions and data products.

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”).
- 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.
- 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 absence or 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”).

**INNOVATIONS FOR POVERTY ACTION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- F. **Grants and Contracts** – The Organization receives grants from governmental entities, foundations and the private sector which are primarily expense reimbursement agreements; however, some arrangements are performance-based. Grants from governmental entities, foundations and the private sector are conditional contributions and are accounted for under ASU 2018-08. Grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Grants received from governmental entities, foundations and the private sector amounted to \$33,262,744 and \$32,412,145 for the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the Organization received conditional grants and contracts from government agencies, foundations, private sector and universities in the aggregate amounts of approximately \$91,380,000 and \$69,000,000, 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 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 contracts are accounted for under FASB ASU 2014-09, “*Revenue from Contracts with Customers*” (Topic 606).

For the years ended December 31, 2024 and 2023, the Organization’s contracts from universities and other funders amounted to \$13,055,609 and \$12,243,539, 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 \$24.7 million and \$18.1 million as of December 31, 2024 and 2023, 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, 2024 and 2023, the Organization determined that an allowance of approximately \$884,000 and \$343,000, respectively, was necessary for grants and contracts and other receivable and no allowance was necessary for contributions receivable.

INNOVATIONS FOR POVERTY ACTION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table summarizes the activity related to the allowance for credit losses, for the Organization's Topic 606 contract revenues, for the years ended December 31, 2024 and 2023, respectively, under the current expected credit loss ("CECL") methodology:

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 153,518	\$ 165,513
Provisions for credit losses	109,226	188,248
Charge-offs	<u>(129,793)</u>	<u>(200,243)</u>
Balance, December 31	<u>\$ 132,951</u>	<u>\$ 153,518</u>

- H. **Contributed Services and Supplies** – The Organization recognizes donated services and supplies 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.
- 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.
- 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.

**INNOVATIONS FOR POVERTY ACTION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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 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. In the event of an unanticipated liquidity need, the Organization could also draw upon \$1,200,000 of its available line of credit which had no borrowings as of July 31, 2025. See Note 6.

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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 19,710,182	\$ 19,594,901
Grants and contracts receivable, net	11,614,300	9,733,696
Contributions receivable due in less than one year	<u>337,562</u>	<u>588,589</u>
Total financial assets	31,662,044	29,917,186
Less: net assets with donor restrictions - purpose	<u>(710,620)</u>	<u>(1,329,683)</u>
	<u>\$ 30,951,424</u>	<u>\$ 28,587,503</u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Amounts due in less than one year	\$ 337,562	\$ 588,589
Total contributions receivable	<u>\$ 337,562</u>	<u>\$ 588,589</u>

NOTE 5 – PROPERTY AND EQUIPMENT, NET

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

	<u>2024</u>	<u>2023</u>
Computer equipment	\$ 661,227	\$ 647,460
Buildings and equipment	56,742	10,104
Furniture and fixtures	<u>7,010</u>	<u>-</u>
Total cost	724,979	657,564
Less: accumulated depreciation	<u>(502,550)</u>	<u>(402,770)</u>
Net book value	<u>\$ 222,429</u>	<u>\$ 254,794</u>

Depreciation expense amounted to \$99,780 and \$117,300 for the years ended December 31, 2024 and 2023, respectively.

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 7.50% and 8.50% as of December 31, 2024 and 2023, respectively. The line of credit is collateralized by substantially all of the Organization's assets. As of December 31, 2024 and July 31, 2025, there were no borrowings on the line of credit.

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NOTE 7 – LEASES

The Organization leases various office space for its headquarters in multiple locations expiring through December 2026.

As of December 31, 2024 and 2023, the right-of-use assets balance totaled \$48,196 and \$180,655, respectively, and the lease liabilities totaled \$45,631 and \$182,005, respectively, as shown in the statements of financial position. For the years ended December 31, 2024 and 2023, the weighted average of the remaining lease term is 1.30 and 1.37 years, respectively, and the weighted average discount rate is 4.91% and 4.04%, 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, 2024 and 2023, rent expense amounted to approximately \$683,000 and \$737,000, respectively, of which approximately \$461,000 and \$449,000, respectively, is related to foreign operations. Lease costs for the years ended December 31, 2024 and 2023 comprised operating lease costs of approximately \$137,000 and \$369,000, respectively. Total cash paid by the Organization in the determination of the operating lease liabilities totaled \$136,374 and \$366,982 for the years ended December 31, 2024 and 2023, respectively

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

2025	\$	35,406
2026		<u>11,758</u>
Total lease payments		47,164
Less: present value discount		<u>(1,533)</u>
Present value of lease liabilities	\$	<u>45,631</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

- A. 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 \$317,000 and \$342,000, respectively, have been recognized as of December 31, 2024 and 2023, which is reflected in the accompanying statements of financial position in accounts payable and accrued expenses.
- B. 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.
- C. In the normal course of its operations, the Organization is a defendant in various legal proceedings. As of December 31, 2023, the likelihood of an unfavorable outcome of a potential loss from the legal proceedings is an estimated liability of approximately 17,000, which is reflected in the accompanying statement of financial position in accounts payable and accrued expenses. There was no such estimated liability as of December 31, 2024. 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, 2024 and 2023, the Organization made payments of approximately \$17,000 and \$53,000, respectively, against the estimated liability.
- D. The Organization believes it has no uncertain tax positions as of December 31, 2024 and 2023, in accordance with FASB ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

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NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Time and purpose restricted	\$ 1,611,204	\$ 3,564,694
	<u>\$ 1,611,204</u>	<u>\$ 3,564,694</u>

For the years ended December 31, 2024 and 2023, 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 \$4,225,584 and \$6,992,270, 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 \$1,123,911 and \$1,070,464 for the years ended December 31, 2024 and 2023, respectively.

NOTE 11 – CONCENTRATIONS

- 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, 2024 and 2023, there was approximately \$11,794,000 and \$9,151,000 of cash and cash equivalents held by banks that exceeded FDIC limits, respectively.
- B. As of December 31, 2024 and 2023, assets in other countries, including cash, totaled \$1,381,558 and \$1,822,806, respectively, property and equipment, net of accumulated depreciation, amounted to \$67,221 and \$10,744, respectively, and liabilities in other countries were \$1,148,292 and \$939,577, respectively. Total overseas support and revenue received from foreign sources amounted to \$13,506,300 and \$16,046,061 for the years ended December 31, 2024 and 2023, respectively. Account balances relating to foreign operations are reflected in the financial statements in U.S. dollars.
- C. The Organization received federal government funding amounting to \$12,751,782 and \$8,839,208 which represents approximately 24% and 17% of the Organization's public support for the years ended December 31, 2024 and 2023, respectively.

NOTE 12 – DEFICIT FROM OPERATIONS

The Organization's operations resulted in a decrease in net assets without donor restrictions of approximately \$3,732,000 for the year ended December 31, 2024. This deficit is mainly attributable to lower than forecasted grant revenues combined with lower realized indirect cost rate than forecasted; higher indirect (overhead) costs than budgeted, driven mainly by headcount; certain unrecoverable country-office costs where grant funding was insufficient to cover expenditures and unfavorable foreign exchange movements in several currencies used in in-country operations and/or in which grants were denominated.

In addition, terminated government contracts resulting in a revenue loss for the year ending December 31, 2025 is approximately \$7,908,000 due to the Executive Orders which were signed in January 2025, as further described in Note 13. This termination resulting in revenue loss is expected to continue in future years.

Management has initiated a multi-step plan to restore positive operating results namely, re-forecasting and re-budgeting on a conservative basis to reflect downside scenario planning, realigning costs through overhead reductions, reviewing the Organization's geographic footprint and the efficiency of the operations and pursuing additional unrestricted and core donor support to bridge the transition to a lower-cost structure. Management's ability to achieve their business plan and continued support from the Organization's grantors and donors is critical to maintaining sufficient liquidity.

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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 31, 2025, the date the financial statements were available to be issued.

On January 27, 2025, the Office of Management and Budget (OMB) issued a memorandum directing federal agencies to temporarily pause the obligation and disbursement of grants, loans and other financial assistance programs for 90 days following the signing of related Executive Orders. However, on January 29, 2025, OMB rescinded the order, though the Executive Orders that prompted it remain in effect, making the situation fluid.

Under the order, Federal agencies must temporarily pause all activities related to the obligation or disbursement of all Federal financial assistance, and other relevant agency activities that may be implicated by the executive orders. At this time, the Organization is currently reviewing its grants to assess potential effects and necessary adjustments. On July 4, 2025, a reconciliation bill was signed into law which made the reduction of various sectors program funding permanent. The Organization was impacted by the termination of some of its government grant contracts which amounted to approximately \$7,908,000. This amount represents 18% of the Organization's grant revenue budget for 2025.