

INNOVATIONS FOR POVERTY ACTION



**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

For the Years Ended December 31, 2025 and 2024

INNOVATIONS FOR POVERTY ACTION

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Independent Auditors' Report

The Board of Directors
Innovations for Poverty Action

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, 2025 and 2024, 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, 2025 and 2024, 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, New York
June 30, 2026

INNOVATIONS FOR POVERTY ACTION

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 7,938,022	\$ 19,710,182
Investments	25,777,929	--
Grants and contracts receivable, net	5,985,630	11,614,300
Contributions receivable	1,103,224	337,562
Prepaid expenses and other assets	1,551,242	1,498,824
Property and equipment, net	171,210	222,429
Right-of-use leased assets - operating	269,201	48,196
Total Assets	<u>\$ 42,796,458</u>	<u>\$ 33,431,493</u>
Liabilities		
Accounts payable and accrued expenses	\$ 2,694,316	\$ 2,341,921
Accrued salaries, vacation and other benefits	1,470,747	1,782,391
Loan payable	50,000	--
Deferred revenue	27,013,451	24,685,829
Lease liabilities - operating	267,189	45,631
Total Liabilities	<u>31,495,703</u>	<u>28,855,772</u>
Commitments and Contingencies		
Net Assets		
Net assets without donor restrictions	6,335,273	2,964,517
Net assets with donor restrictions	4,965,482	1,611,204
Total Net Assets	<u>11,300,755</u>	<u>4,575,721</u>
Total Liabilities and Net Assets	<u>\$ 42,796,458</u>	<u>\$ 33,431,493</u>

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

INNOVATIONS FOR POVERTY ACTION

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2025 and 2024

	For the Year Ended December 31, 2025			For the Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total 2025	Without Donor Restrictions	With Donor Restrictions	Total 2024
Operating Activities						
Revenue, Grants and Other						
Public Support						
Grants - government, foundations, private sector and other	\$ 37,437,376	\$ --	\$ 37,437,376	\$ 33,262,744	\$ --	\$ 33,262,744
Contracts - universities and other	9,779,473	--	9,779,473	13,055,609	--	13,055,609
Contributions	5,415,969	6,909,658	12,325,627	3,735,067	2,272,094	6,007,161
Investment activity	217,589	--	217,589	--	--	--
Consultancy and other income	451,021	--	451,021	484,764	--	484,764
Net assets released from restrictions	3,555,380	(3,555,380)	--	4,225,584	(4,225,584)	--
Total Revenue, Grants and Other	<u>56,856,808</u>	<u>3,354,278</u>	<u>60,211,086</u>	<u>54,763,768</u>	<u>(1,953,490)</u>	<u>52,810,278</u>
Expenses						
Program services	42,895,832	--	42,895,832	44,468,245	--	44,468,245
Management and general	9,625,249	--	9,625,249	12,398,129	--	12,398,129
Fundraising	795,146	--	795,146	1,028,047	--	1,028,047
Total Expenses	<u>53,316,227</u>	<u>--</u>	<u>53,316,227</u>	<u>57,894,421</u>	<u>--</u>	<u>57,894,421</u>
Change in Net Assets From Operations Before Foreign Currency Translation Adjustment	3,540,581	3,354,278	6,894,859	(3,130,653)	(1,953,490)	(5,084,143)
Foreign Currency Translation Adjustment	<u>(169,825)</u>	<u>--</u>	<u>(169,825)</u>	<u>(601,312)</u>	<u>--</u>	<u>(601,312)</u>
Total Change in Net Assets	3,370,756	3,354,278	6,725,034	(3,731,965)	(1,953,490)	(5,685,455)
Net Assets - Beginning	<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>
Net Assets - Ending	<u>\$ 6,335,273</u>	<u>\$ 4,965,482</u>	<u>\$ 11,300,755</u>	<u>\$ 2,964,517</u>	<u>\$ 1,611,204</u>	<u>\$ 4,575,721</u>

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, 2025 (With Comparative Totals for 2024)

	Year Ended December 31, 2025			Total 2025	Total 2024
	Program Services	Management and General	Fundraising		
Salaries	\$ 17,909,194	\$ 5,705,845	\$ 472,378	\$ 24,087,417	\$ 27,005,396
Payroll taxes and other benefits	6,189,082	1,258,774	173,395	7,621,251	7,884,107
Total Salaries and Related Costs	24,098,276	6,964,619	645,773	31,708,668	34,889,503
Professional fees	2,042,914	1,773,466	2,808	3,819,188	4,339,971
Subgrants	6,487,329	--	--	6,487,329	3,482,661
Travel and transportation	3,281,905	78,294	8,247	3,368,446	5,254,354
Occupancy	739,283	78,667	12,523	830,473	1,130,676
Survey costs	--	--	--	--	17,452
Other operating expenses	1,274,492	241,508	60,084	1,576,084	1,775,204
Computer and network	1,048,918	244,566	30,735	1,324,219	1,277,383
Office expense	493,935	128,747	15,279	637,961	894,146
Program supplies	1,877,166	27,992	--	1,905,158	2,526,187
Outside services	88,278	1,970	--	90,248	230,694
Conference and trainings	979,990	8,946	14,835	1,003,771	1,089,259
Insurance	210,951	59,091	4,862	274,904	280,726
Bad debts	--	29,010	--	29,010	464,964
Motor vehicle expense	188,230	125	--	188,355	141,461
Depreciation	55,155	17,258	--	72,413	99,780
Total Expenses	\$ 42,866,822	\$ 9,654,259	\$ 795,146	\$ 53,316,227	\$ 57,894,421

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, 2024

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 18,829,831	\$ 7,619,122	\$ 556,443	\$ 27,005,396
Payroll taxes and other benefits	<u>6,171,322</u>	<u>1,505,916</u>	<u>206,869</u>	<u>7,884,107</u>
Total Salaries and Related Costs	25,001,153	9,125,038	763,312	34,889,503
Professional fees	2,680,971	1,572,473	86,527	4,339,971
Subgrants	3,482,661	--	--	3,482,661
Travel and transportation	4,849,482	382,239	22,633	5,254,354
Occupancy	925,052	174,586	31,038	1,130,676
Survey costs	17,452	--	--	17,452
Other operating expenses	1,294,044	426,400	54,760	1,775,204
Computer and network	871,904	357,482	47,997	1,277,383
Office expense	759,566	124,180	10,400	894,146
Program supplies	2,523,791	2,396	--	2,526,187
Outside services	228,146	2,548	--	230,694
Conference and trainings	1,014,130	68,793	6,336	1,089,259
Insurance	206,379	69,303	5,044	280,726
Bad debts	464,964	--	--	464,964
Motor vehicle expense	139,853	1,608	--	141,461
Depreciation	<u>8,697</u>	<u>91,083</u>	<u>--</u>	<u>99,780</u>
Total Expenses	<u>\$ 44,468,245</u>	<u>\$ 12,398,129</u>	<u>\$ 1,028,047</u>	<u>\$ 57,894,421</u>

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, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 6,725,034	\$ (5,685,455)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,413	99,780
Bad debts	29,010	464,964
Reduction in carrying amount of right-of-use assets - operating	178,444	132,459
Unrealized gain on investments	(1,307)	--
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Grants and contracts receivable	5,599,660	(2,345,568)
Contributions receivable	(765,662)	251,027
Prepaid expenses and other assets	(52,418)	216,557
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	352,395	181,190
Accrued salaries, vacation and other benefits	(311,644)	370,721
Loan payable	50,000	--
Deferred revenue	2,327,622	6,633,395
Lease liabilities - operating	(177,891)	(136,374)
Net Cash Provided by Operating Activities	<u>14,025,656</u>	<u>182,696</u>
Cash Flows From Investing Activities		
Purchase of investments	(46,411,625)	--
Sale of investments	20,635,003	--
Purchase of property and equipment	(21,194)	(67,415)
Net Cash Used in Investing Activities	<u>(25,797,816)</u>	<u>(67,415)</u>
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	(11,772,160)	115,281
Cash, Cash Equivalents and Restricted Cash - Beginning	<u>19,710,182</u>	<u>19,594,901</u>
Cash and Cash Equivalents - Ending	<u>\$ 7,938,022</u>	<u>\$ 19,710,182</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for income tax liabilities	<u>\$ 97,023</u>	<u>\$ 75,103</u>
Supplemental Disclosure of Non-Cash Operating Activities		
Non-Cash ROU assets obtained in exchange for new operating lease liabilities	<u>\$ 399,449</u>	<u>\$ --</u>

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

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

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 1,800 leading researchers to conduct nearly 700 randomized evaluations in 60 countries. This research has informed hundreds of successful programs that now impact hundreds of millions of lives worldwide.

IPA has offices in 16 countries and employes over one thousand people globally. Substantially all of IPA’s revenues are derived from contributions, grants, and contracts from foundations, governments, universities and individuals.

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 2025 are as follows:

In Rwanda, IPA partnered with Georgetown University's Initiative on Innovation, Development and Evaluation (gui2de), the Ministry of Education, and a team of researchers to design and implement Supporting Teacher Achievement in Rwandan Schools (STARS), a four-year adaptive trial that incorporated learning outcomes into teachers' performance contracts. Informed by these results, the Ministry of Education incorporated the approach into its Teacher Development and Management Policy for 2025–2030, and Rwanda scaled the program nationwide in 2025, reaching 3,548 schools and 107,411 teachers.

Climate change and environmental degradation disproportionately affect those living in poverty, yet evidence on which interventions can effectively address development and environmental challenges together remains thin. In 2025, IPA's Climate and Environment Program launched two adaptation pilots, partnering with Peru's National Forest and Wildlife Service to study agroforestry concessions for reducing deforestation, and completing a field pilot in Bolivia exploring how early warning systems combined with index insurance can improve smallholder farmers' resilience to drought.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (CONTINUED)

ACCOMPLISHMENTS (CONTINUED)

IPA also advanced evidence-based programs along the path to scale through strategic government partnerships. In Ghana, IPA worked with the Ghana Education Service to scale Differentiated Learning, an approach that groups students by learning level rather than grade. In 2025, the program reached approximately 2.4 million learners across 10,092 schools through the Ghana Accountability for Learning Outcomes Project. In the Philippines, mEducation, a phone-based math tutoring program, was selected for the HundrED Global Collection 2026, recognized as one of 100 of the world's most impactful and scalable education innovations.

IPA's support for evidence-informed policymaking continued through its global network of Embedded Evidence Labs, which in 2025 included 22 Labs across 11 countries covering seven sectors. Lab teams worked directly within government institutions to address specific policy challenges while building sustainable internal capacity for evidence use. In 2025, a new Lab was launched with the Philippines Department of Education to integrate evaluation and data analytics into decision-making, including the development of a machine learning model to identify students at risk of dropping out.

IPA continued to advance its Best Bets: Emerging Opportunities for Impact at Scale portfolio, including the expansion of Becoming One, a group couples' counseling program proven to prevent intimate partner violence. In 2025, IPA collaborated with World Vision Kenya to adapt and expand the program across multiple denominations and partnered with International Care Ministries to pilot it with their network of faith leaders in Uganda. IPA also published a learning agenda articulating priority questions to inform effective adaptation, delivery, and institutionalization across multiple contexts.

In 2025, IPA leveraged technology to deepen its impact and launched the IPA Knowledge Hub, a public platform increasing access to research, data science methods, and analytical tools, and invested in automated data workflows and centralized cloud infrastructure. IPA's data science team partnered with government Embedded Evidence Labs to apply machine learning and artificial intelligence to public services, including a satellite-based fire detection system in Peru that identified over 1,700 dumpsite fires.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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").

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CASH AND CASH EQUIVALENTS

Cash equivalents are highly liquid debt instruments with maturities of 90 days or less when acquired.

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 FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$37,437,376 and \$33,262,744 for the years ended December 31, 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the Organization received conditional grants and contracts from government agencies, foundations, private sector and universities in the aggregate amounts of approximately \$92,129,000 and \$91,380,000, 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.

Deferred revenue, which amounted to approximately \$27.0 million and \$24.7 million as of December 31, 2025 and 2024, 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.

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, 2025 and 2024, the Organization’s contracts from universities and other funders amounted to \$9,779,473 and \$13,055,609, 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.

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.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025 and 2024, the Organization determined that an allowance of approximately \$567,000 and \$884,000, respectively, was necessary for grants and contracts and other receivable and no allowance was necessary for contributions receivable.

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, 2025 and 2024, respectively, under the current expected credit loss (“CECL”) methodology:

	2025	2024
Balance, January 1	\$ 132,951	\$ 153,518
Provisions for credit losses	54,755	109,226
Charge-offs	<u>(45,724)</u>	<u>(129,793)</u>
Balance, December 31	<u>\$ 141,982</u>	<u>\$ 132,951</u>

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are carried at estimated fair value in the accompanying financial statements. The statements of activities include net return on investments consisting of interest and dividend income, realized and unrealized gains and losses, net of management and custodial fees. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels as described in Note 4.

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.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

DEFERRED REVENUE

The Organization receives advances for conditional grants and contributions.

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.

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 FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

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.

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:

	2025	2024
Cash and cash equivalents	\$ 7,938,022	\$ 19,710,182
Investments	25,777,929	--
Grants and contract receivable, net	5,985,630	11,614,300
Contributions receivable due in less than one year	<u>1,103,224</u>	<u>337,562</u>
Total Financial Assets	40,804,805	31,662,044
Less: Net assets with donor restrictions - purpose	<u>(3,862,259)</u>	<u>(710,620)</u>
	<u>\$ 36,942,546</u>	<u>\$ 30,951,424</u>

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under FASB Accounting Standards Codification (“ASC”) Topic 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term or the assets or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025.

MONEY MARKET FUNDS

Money market funds are valued at the closing price reported on the active market on which the individual securities are traded.

Investment carried at fair value as of December 31, 2025:

	<u>Level 1</u>	<u>Total</u>
Money market funds	\$25,777,929	\$25,777,929

The Organization did not have any investments as of December 31, 2024.

Investment activity consists of the following for the year ended December 31, 2025:

Interest and dividends	\$ 216,282
Unrealized gain on investments	<u>1,307</u>
	<u>\$ 217,589</u>

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Amounts due in less than one year	\$ 1,103,224	\$ 337,562
Total Contributions Receivable, Net	<u>\$ 1,103,224</u>	<u>\$ 337,562</u>

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 6 – PROPERTY AND EQUIPMENT, NET

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

	2025	2024
Computer equipment	\$ 672,558	\$ 661,227
Buildings and equipment	68,259	56,742
Furniture and fixtures	<u>6,881</u>	<u>7,010</u>
Total Cost	747,698	724,979
Less: Accumulated depreciation	<u>(576,488)</u>	<u>(502,550)</u>
Net Book Value	<u>\$ 171,210</u>	<u>\$ 222,429</u>

Depreciation expense amounted to \$72,413 and \$99,780 for the years ended December 31, 2025 and 2024, respectively. During the year ended December 31, 2025, the Organization disposed of property and equipment with accumulated depreciation of \$1,525.

NOTE 7 – LINE OF CREDIT

The Organization had 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% as of December 31, 2024. The line of credit is collateralized by substantially all of the Organization's assets. The line of credit was cancelled on December 5, 2025.

NOTE 8 – LOAN PAYABLE

In July 2025, the Organization entered into an agreement with a nonprofit corporation, which provides working capital to enable mission-driven organizations in furtherance of their mission, for a loan amount of \$50,000. The loan is to be repaid from funds received from the USAID Development Innovation Venture (“DIV”) open program. The loan bears no interest and matures on March 31, 2027. As of December 31, 2025, the outstanding loan balance amounted to \$50,000 and was fully repaid on March 13, 2026.

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 9 – LEASES

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

As of December 31, 2025 and 2024, the right-of-use assets balance totaled \$269,901 and \$48,196, respectively, and the lease liabilities totaled \$267,189 and \$45,631, respectively, as shown in the statements of financial position. For the years ended December 31, 2025 and 2024, the weighted average of the remaining lease term is 1.78 and 1.30 years, respectively, and the weighted average discount rate is 3.78% and 4.91%, respectively. The right-of-use assets and lease liabilities were calculated utilizing discount rates of 3.53% - 5.12% using the risk-free rate commensurate with the term of the Organization's operating leases.

For the years ended December 31, 2025 and 2024, rent expense amounted to approximately \$508,000 and \$683,000, respectively, of which approximately \$343,000 and \$461,000, respectively, is related to foreign operations. Lease costs for the years ended December 31, 2025 and 2024 comprised operating lease costs of approximately \$187,000 and \$137,000, respectively. Total cash paid by the Organization in the determination of the operating lease liabilities totaled \$177,891 and \$136,374 for the years ended December 31, 2025 and 2024, respectively

Future minimum lease payments under these leases for the years ending subsequent to December 31, 2025, are as follows:

2026	\$	176,119
2027		78,115
2028		<u>21,730</u>
Total Lease Payments		275,964
Less: Present value discount		<u>(8,775)</u>
Present Value of Lease Liabilities	\$	<u>267,189</u>

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 10 – 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 \$300,000 and \$317,000, respectively, have been recognized as of December 31, 2025 and 2024, 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, 2025, the likelihood of an unfavorable outcome of a potential loss from the legal proceedings is an estimated liability of approximately \$75,000, 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 years ended December 31, 2025 and 2024, the Organization made payments of approximately \$2,600 and \$17,000, respectively, against the estimated liability as of December 31, 2025 and December 31, 2023, respectively.
- D. The Organization believes it has no uncertain tax positions as of December 31, 2025 and 2024, in accordance with FASB ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Time and purpose restricted	<u>\$ 4,965,482</u>	<u>\$ 1,611,204</u>
	<u>\$ 4,965,482</u>	<u>\$ 1,611,204</u>

For the years ended December 31, 2025 and 2024, 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 \$3,555,380 and \$4,225,584, respectively.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 12 – 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 \$1,278,738 and \$1,123,911 for the years ended December 31, 2025 and 2024, respectively.

NOTE 13 – 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, 2025 and 2024, there was approximately \$6,324,000 and \$11,794,000 of cash and cash equivalents held by banks that exceeded FDIC limits, respectively.
- B. As of December 31, 2025 and 2024, assets in other countries, including cash, totaled \$2,057,003 and \$2,033,020, respectively, property and equipment, net of accumulated depreciation, amounted to \$68,165 and \$67,221, respectively, and liabilities in other countries were \$1,674,681 and \$1,221,171, respectively. Total overseas support and revenue received from foreign sources amounted to \$21,877,853 and \$13,506,300 for the years ended December 31, 2025 and 2024, 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 \$5,649,760 and \$12,751,782 which represents approximately 9% and 24% of the Organization’s public support for the years ended December 31, 2025 and 2024, respectively.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 30, 2026, the date the financial statements were available to be issued.