

International Development Enterprises and Subsidiaries

Consolidated Financial Report
December 31, 2024

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Independent Auditor's Report

Board of Directors
International Development Enterprises

Report on the Audit of the Financial Statements***Opinion***

We have audited the consolidated financial statements of International Development Enterprises and Subsidiaries (iDE), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of iDE as of December 31, 2024 and 2023, and the changes in their net assets and their 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of iDE 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 iDE's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 iDE'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 iDE'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2025, on our consideration of iDE's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of iDE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering iDE's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
July 31, 2025

International Development Enterprises and Subsidiaries

Consolidated Statements of Financial Position December 31, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,174,068	\$ 11,487,209
Accounts receivable, net of allowance for credit losses of \$787 and \$118,688, respectively	209,320	969,341
Grants receivable	2,423,417	2,480,572
Inventories for sale, net	256,813	375,247
Prepaid expenses and other assets	1,262,168	1,052,726
Total current assets	14,325,786	16,365,095
Property and equipment, net	1,333,879	1,599,843
Deposits	118,590	118,718
Lease right-of-use assets	1,063,022	1,045,159
Total assets	\$ 16,841,277	\$ 19,128,815
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 487,244	\$ 841,575
Accrued expenses and other current liabilities	1,556,093	2,188,649
Refundable advances	4,092,403	6,218,037
Notes payable	186,911	455,333
Lease liabilities, net—current	498,867	406,974
Total current liabilities	6,821,518	10,110,568
Notes payable, long-term	111,865	85,996
Lease liabilities, net—noncurrent	649,130	699,930
Total liabilities	7,582,513	10,896,494
Commitments and contingencies (Note 9)		
Net assets:		
Without donor restrictions	1,954,586	2,807,744
With donor restrictions	7,304,178	5,424,577
Total net assets	9,258,764	8,232,321
Total liabilities and net assets	\$ 16,841,277	\$ 19,128,815

See notes to consolidated financial statements.

International Development Enterprises and Subsidiaries

Consolidated Statement of Activities Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue, gains and other support:			
Grant revenue	\$ 26,089,254	\$ 8,710,871	\$ 34,800,125
Private contributions	3,396,983	-	3,396,983
Field and program revenue	5,090,324	746,915	5,837,239
Sales, net	903,196	-	903,196
Interest income	234,873	-	234,873
Other income	973,250	-	973,250
Net assets released from restrictions	7,578,185	(7,578,185)	-
Total revenues, gains and other support	44,266,065	1,879,601	46,145,666
Expenses:			
Programs:			
Cambodia	3,468,096	-	3,468,096
Vietnam	407,577	-	407,577
Bangladesh	4,682,793	-	4,682,793
Nepal	1,234,611	-	1,234,611
Zambia	1,801,099	-	1,801,099
Ghana	1,459,070	-	1,459,070
Ethiopia	3,017,382	-	3,017,382
Madagascar	512,002	-	512,002
Mozambique	12,407,081	-	12,407,081
Honduras	1,028,509	-	1,028,509
United Kingdom	120,553	-	120,553
Multicountry projects	4,036,363	-	4,036,363
Hydrologic	1,324,287	-	1,324,287
Total program expenses	35,499,423	-	35,499,423
Services:			
General and administrative	8,371,541	-	8,371,541
Fundraising	733,240	-	733,240
Total supporting services expenses	9,104,781	-	9,104,781
Total expenses	44,604,204	-	44,604,204
Changes in net assets before other financial items	(338,139)	1,879,601	1,541,462
Currency translation adjustments	(515,019)	-	(515,019)
Change in net assets	(853,158)	1,879,601	1,026,443
Net assets:			
Beginning	2,807,744	5,424,577	8,232,321
Ending	\$ 1,954,586	\$ 7,304,178	\$ 9,258,764

See notes to consolidated financial statements.

International Development Enterprises and Subsidiaries

Consolidated Statement of Activities Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue, gains and other support:			
Grant revenue	\$ 26,366,245	\$ 5,979,853	\$ 32,346,098
Private contributions	1,684,571	-	1,684,571
Field and program revenue	4,636,528	579,159	5,215,687
Sales, net	655,675	-	655,675
Interest income	169,818	-	169,818
Other income	1,148,431	-	1,148,431
Net assets released from restrictions	3,837,166	(3,837,166)	-
Total revenues, gains and other support	38,498,434	2,721,846	41,220,280
Expenses:			
Programs:			
Cambodia	2,977,372	-	2,977,372
Vietnam	394,085	-	394,085
Bangladesh	4,335,294	-	4,335,294
Nepal	1,236,285	-	1,236,285
Zambia	1,876,118	-	1,876,118
Ghana	1,699,685	-	1,699,685
Ethiopia	3,075,111	-	3,075,111
Mozambique	11,730,933	-	11,730,933
Honduras	857,311	-	857,311
United Kingdom	152,389	-	152,389
Multicountry projects	2,289,097	-	2,289,097
Hydrologic	1,082,597	-	1,082,597
Total program expenses	31,706,277	-	31,706,277
Services:			
General and administrative	7,470,647	-	7,470,647
Fundraising	576,898	-	576,898
Total supporting services expenses	8,047,545	-	8,047,545
Total expenses	39,753,822	-	39,753,822
Changes in net assets before other financial items	(1,255,388)	2,721,846	1,466,458
Currency translation adjustments	(311,541)	-	(311,541)
Change in net assets	(1,566,929)	2,721,846	1,154,917
Net assets:			
Beginning	4,374,673	2,702,731	7,077,404
Ending	<u>\$ 2,807,744</u>	<u>\$ 5,424,577</u>	<u>\$ 8,232,321</u>

See notes to consolidated financial statements.

International Development Enterprises and Subsidiaries

Consolidated Statement of Functional Expenses Year Ended December 31, 2024

Description	Cambodia	Vietnam	Bangladesh	Nepal	Zambia	Ghana	Ethiopia	Madagascar	Mozambique	Honduras	United Kingdom	Multicountry Projects	Hydrologic	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total Expenses
Personnel	\$ 2,341,172	\$ 238,896	\$ 2,791,722	\$ 499,564	\$ 1,025,540	\$ 804,470	\$ 1,465,916	\$ 83,231	\$ 6,029,444	\$ 452,025	\$ 109,846	\$ 2,456,618	\$ 638,723	\$ 18,937,167	\$ 5,974,032	\$ 610,711	\$ 6,584,743	\$ 25,521,910
Subgrants	-	-	-	430,287	-	-	116,918	284,341	1,730,507	-	-	431,627	-	2,993,680	-	-	-	2,993,680
Office expense	187,483	33,184	486,813	117,784	273,042	135,990	236,202	28,738	1,049,280	74,743	3,388	64,594	146,644	2,837,885	644,139	29,883	674,022	3,511,907
Professional services	96,949	66,156	54,079	55,877	23,589	45,212	5,712	36,367	267,147	91,209	6,604	620,527	123,410	1,492,838	918,559	42,000	960,559	2,453,397
Travel and transportation	296,418	22,446	241,562	45,627	211,658	190,089	329,212	78,704	745,057	101,246	715	331,086	61,781	2,655,601	376,817	46,965	423,782	3,079,383
Implementation costs	516,411	46,895	1,056,070	72,358	178,992	226,551	832,371	138	2,087,292	309,156	-	131,511	229,589	5,687,334	7,691	-	7,691	5,695,025
Business administrative expenses	12,471	-	16,229	2,673	9,930	22,106	20,020	-	267,012	130	-	400	68,076	419,047	431,891	3,681	435,572	854,619
Depreciation expense	17,192	-	36,318	10,441	78,348	34,652	11,031	483	231,342	-	-	-	56,064	475,871	18,412	-	18,412	494,283
Total	\$ 3,468,096	\$ 407,577	\$ 4,682,793	\$ 1,234,611	\$ 1,801,099	\$ 1,459,070	\$ 3,017,382	\$ 512,002	\$ 12,407,081	\$ 1,028,509	\$ 120,553	\$ 4,036,363	\$ 1,324,287	\$ 35,499,423	\$ 8,371,541	\$ 733,240	\$ 9,104,781	\$ 44,604,204

See notes to consolidated financial statements.

International Development Enterprises and Subsidiaries

Consolidated Statement of Functional Expenses Year Ended December 31, 2023

Description	Cambodia	Vietnam	Bangladesh	Nepal	Zambia	Ghana	Ethiopia	Mozambique	Honduras	United Kingdom	Multicountry Projects	Hydrologic	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total Expenses
Personnel	\$ 2,011,642	\$ 214,594	\$ 2,488,848	\$ 541,881	\$ 939,232	\$ 894,457	\$ 1,184,402	\$ 5,065,991	\$ 462,724	\$ 140,429	\$ 1,334,023	\$ 511,360	\$ 15,789,583	\$ 5,226,435	\$ 445,565	\$ 5,672,000	\$ 21,461,583
Subgrants	-	-	-	80,962	-	-	81,531	1,880,013	-	-	463,613	-	2,506,119	-	-	-	2,506,119
Office expense	138,537	48,754	457,187	78,457	299,941	146,123	307,722	1,011,522	37,303	94	6,726	134,299	2,666,665	620,450	31,584	652,034	3,318,699
Professional services	114,704	42,613	155,470	138,143	28,062	40,226	25,036	392,878	43,375	10,040	263,142	120,498	1,374,187	783,360	38,500	821,860	2,196,047
Travel and transportation	329,248	19,833	248,739	141,218	251,481	365,110	234,739	726,770	59,759	1,826	190,091	59,731	2,628,545	451,572	61,249	512,821	3,141,366
Implementation costs	355,594	68,291	927,879	251,046	257,344	148,871	1,223,085	2,330,090	254,063	-	31,502	131,034	5,978,799	13,638	-	13,638	5,992,437
Business administrative expenses	3,187	-	13,385	4,578	22,116	70,246	11,174	116,848	87	-	-	61,418	303,039	356,780	-	356,780	659,819
Depreciation expense	24,460	-	43,786	-	77,942	34,652	7,422	206,821	-	-	-	64,257	459,340	18,412	-	18,412	477,752
Total	<u>\$ 2,977,372</u>	<u>\$ 394,085</u>	<u>\$ 4,335,294</u>	<u>\$ 1,236,285</u>	<u>\$ 1,876,118</u>	<u>\$ 1,699,685</u>	<u>\$ 3,075,111</u>	<u>\$ 11,730,933</u>	<u>\$ 857,311</u>	<u>\$ 152,389</u>	<u>\$ 2,289,097</u>	<u>\$ 1,082,597</u>	<u>\$ 31,706,277</u>	<u>\$ 7,470,647</u>	<u>\$ 576,898</u>	<u>\$ 8,047,545</u>	<u>\$ 39,753,822</u>

See notes to consolidated financial statements.

International Development Enterprises and Subsidiaries

Consolidated Statements of Cash Flows Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 1,026,443	\$ 1,154,917
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	494,283	477,752
Amortization of right-of-use assets	567,028	262,616
Change in provision for bad debts	117,899	51,185
Loss (gain) on sale of property and equipment	109,074	(17,952)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	642,122	109,934
Grants receivable	57,155	(472,344)
Inventories for sale	118,434	(28,238)
Prepaid expenses and other assets	(209,442)	61,899
Deposits	128	(22,280)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(986,887)	907,528
Refundable advances	(2,125,634)	1,101,379
Lease liabilities	(543,798)	(255,762)
Net cash (used in) provided by operating activities	(733,195)	3,330,634
Cash flows from investing activities:		
Purchase of capital assets	(337,393)	(598,006)
Cash received from sale of assets	-	30,855
Net cash used in investing activities	(337,393)	(567,151)
Cash flows from financing activities:		
Proceeds from loan funds	89,374	165,447
Repayments of loan funds	(331,927)	(89,467)
Net cash (used in) provided by financing activities	(242,553)	75,980
(Decrease) increase in cash and cash equivalents	(1,313,141)	2,839,463
Cash and cash equivalents:		
Beginning	11,487,209	8,647,746
Ending	\$ 10,174,068	\$ 11,487,209

See notes to consolidated financial statements.

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: International Development Enterprises (iDE) was incorporated on October 1, 1982, under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania as a multinational nonprofit public charity.

iDE is a global development organization that advances market-based approaches in agriculture; access to finance; and water, sanitation and hygiene (WASH); nutrition; and climate change resilience, to create income and livelihood opportunities for economically and socially marginalized households. iDE has made a difference for more than 44 million people by powering entrepreneurs and developing resilient market ecosystems that enable people living in low-income communities to participate in local economies. With staff in 11 countries around the world and employing over 900 employees – 93% local – iDE is a catalyst for real change that powers people to prosper on their own terms. By constantly evaluating impact and tracking program data, iDE guarantees an average social return on investment of at least \$10 in household income or savings for every dollar spent.

Our programs assist developing world entrepreneurs to succeed and overcome challenges by participating in market ecosystems that are economically competitive, inclusive of all people, especially marginalized populations, and resilient to shocks such as conflict or changing climates. iDE has developed a unique impact model called Infinite—a comprehensive technical framework that packages all of iDE's diverse, sophisticated program activities into simple, standardized formats that allows to rapidly develop, assess, and implement project strategies. Our Infinite model provides a roadmap for how individuals who seek to participate in the market can move through a process of growth, establishing profitable livelihoods.

Hydrologic Social Enterprise Company Limited is a Cambodian company, wholly owned by iDE which manufactures and sells low-cost, ceramic water purifiers.

iDE International Foundation (IDEI) is an organization registered as a charitable foundation in Berne, Switzerland. International Development Enterprises UK (iDE UK) is a private limited company charity registered in England of which iDE is a sole member.

A summary of iDE's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the accounts of iDE, IDEI, iDE UK, Hydrologic Social Enterprise Company Limited and all of iDE's other field offices in iDE Bangladesh, iDE Ethiopia, iDE Cambodia, iDE Ghana, iDE Mozambique, iDE Nepal, iDE Zambia, iDE Vietnam and iDE Honduras. All inter-entity transactions have been eliminated in the consolidation.

Basis of presentation: The consolidated financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Not-for-Profit Entities Topic of the Accounting Standards Codification (ASC). iDE is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets without donor restrictions represent resources that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations and are available for support of general operating activities.

Net assets with donor restrictions: Net assets with donor restrictions represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time or may be satisfied and removed by the actions of iDE pursuant to these stipulations.

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Cash and cash equivalents: iDE considers money market funds held in investment accounts and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Financial risk: iDE maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. iDE also maintains significant cash balances in foreign field offices that are not readily transferable to the United States. iDE considers this to be a normal business risk and has not experienced any losses in such accounts.

Accounts receivable: Receivables are carried at original invoice or promise to give amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at year-end. Management determines the allowance for doubtful accounts by determining troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Accounts receivable are uncollateralized obligations and generally require payment within 30 to 60 days from the date arising. No interest is charged on past due receivables. The accounts receivable balance at January 1, 2023 was \$1,130,460.

The allowance for credit losses at December 31, 2024 and 2023, was \$787 and \$118,688, respectively. The allowance for credit losses represents an estimate of credit losses over the lifetime of the receivable. The estimation process is based on historical experience, current conditions, asset-specific characteristics, and reasonable and supportable forecasts about future economic and market conditions.

The allowance for credit losses was composed of the following at December 31, 2024 and 2023:

	2024	2023
Balance at beginning of year	\$ 118,688	\$ 174,334
Monthly provision	19,195	64,167
Provision adjustments for foreign currency revaluations	(22,846)	2,469
Write-offs	(114,250)	(122,282)
Balance at end of year	<u>\$ 787</u>	<u>\$ 118,688</u>

Grants receivable: Grants receivables are generated from conditional grants from prime and subrecipient arrangements with federal government agencies and other various private entities. Billed amounts represent invoices that have been prepared and sent to the funder. Grants receivable under conditional grant awards and other agreements represent unbilled recoverable costs incurred. Recoverable costs for iDE's conditional grants are billable when allowable expenditures are incurred. There are no allowance for doubtful accounts for grants receivable for the years ended December 31, 2024 and 2023.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value less cost of sales and consist of pumps, water filters and drip irrigation equipment held for sale in various countries.

Investments: In 2024, iDE made a \$100,000 investment for 25 shares of ATEC (0.7% ownership %). ATEC is a proprietary limited company incorporated in Australia that aims to deliver social and environmental impact in Cambodia and Bangladesh by providing access to modern cooking. The investment was fully allowed for at year end due to continued losses, with a valuation allowance of \$100,000 recorded for the year ended December 31, 2024.

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Property and equipment: Property and equipment is stated at cost if purchased, or fair value on the date of contribution, and depreciated on the straight-line basis over the estimated useful lives, ranging from three to seven years. iDE capitalizes all expenditures for property and equipment valued at \$5,000 or greater with estimated useful lives greater than one year.

Leases: iDE determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. iDE also considers whether its service arrangements include the right to control the use of an asset.

Right-of-use assets (ROU) represent iDE's right to use an underlying asset for the lease term and lease liabilities represent iDE's obligation to make lease payments from the lease. ROU assets are calculated based on the lease liability adjusted for any lease payments paid to the lessor at or before the commencement date and initial direct costs incurred by iDE and excludes any lease incentive received from the lessor. Lease liabilities are recognized based on the present value of lease payments over the lease term.

iDE elected the package of practical expedients permitted under the transition guidance, which among other things, did not require reassessment of whether contracts entered into prior to adoption are or contain leases, and allowed carryforward of the historical lease classification for existing leases. iDE made an accounting policy election under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

iDE's leases may include a non-lease component representing additional services transferred to iDE such as common area maintenance for real estate. iDE made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

A lessee that is not a public business entity is permitted to use a risk-free discount rate for its leases, determined using a period comparable with that of the lease term, as an accounting policy election for all leases. In order to ease the accounting burden of determining incremental borrowing rates under ASC 842, iDE has made this accounting policy election for all leases. The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website or foreign bank treasury websites.

Revenue recognition: The primary sources of revenue for iDE consists of grant revenue and private contributions, field and program revenue, sales revenue and other income. The revenue recognition policies for each of these revenue streams is as follows:

Grant revenue and private contributions: iDE recognizes grant and contribution revenue based upon the presence or absence of donor-imposed conditions. Revenue from conditional grants and contracts is recognized only when funds are utilized to carry out the activity stipulated in the grant or contract agreement that satisfies barriers and/or rights of return. Any grants received that meet the criteria of an unconditional grant are recognized as revenue when awarded.

Contributions received with donor-imposed conditions are recognized as revenue when the conditions have been substantially met. Amounts received in advance of satisfying the donor-imposed conditions are reported as refundable advances until conditions are met.

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Recognized conditional promises (conditional grants) are recorded to net assets without donors restrictions if any purpose or time restrictions are met simultaneously with the condition.

iDE received conditional grants and contributions approximating \$58,219,031 that have not been recognized as of December 31, 2024, because the conditions for revenue recognition have not been satisfied. Of this amount, \$4,092,403 of advanced payments have been received and are shown as refundable advances on the consolidated statement of financial position.

During fiscal year 2025, notices of termination for the convenience of the U.S Government has been received for all active federal awards that had remaining funds available of approximately \$36,600,000.

iDE has made conditional promises (conditional grants) to implementing partners of \$973,999 as of December 31, 2024. Future payments are contingent upon the implementing partners carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.

Field and program revenue: Field and program revenue consists of revenue earned based on indirect cost rate reimbursements as specified in various grant agreements. Revenue is recognized as a percentage of qualified base expenses as they are incurred.

Sales revenue: Sales revenue represents the sale of water filters and toilets developed from iDE projects. Sales are conducted in person and delivery of goods occur simultaneously as receipts for the products are issued and consideration is collected. Contract, price and delivery of the product occur all at the same time. As a result, revenue is recognized at the point of sale. Cost of sales is \$653,018 and \$840,890 for the years ended December 31, 2024 and 2023, respectively.

Other income: Other income includes various service fees charged to individuals and independent organizations who partner with iDE on short-term projects related to its overall mission. Such services fees might include consulting, training or management services performed by iDE. The fees are agreed upon through contracts which are based on identified performance obligations at a set price or rate. iDE recognizes the revenue as the performance obligations are met.

iDE also earns carbon credits for the displacement of water boiling practices caused by the use of ceramic water purifiers manufactured and sold by Hydrologic. This displacement reduces CO2 emissions by 41,000 tons on an annual basis; and accordingly, carbon credits were awarded and registered by the Gold Standard. In 2024 and 2023, 35,881 and 42,207 credits, respectively, were sold by iDE for the amounts of \$374,840 and \$188,553, respectively. Revenue is recorded in other income on the consolidated statements of activities and changes in net assets. Due to the nature and uncertainty of the carbon credit market, iDE recognizes carbon credit revenue when credits are sold.

Foreign currency translation: The functional and reporting currency of iDE is the U.S. Dollar. Transactions in non-U.S. Dollar currencies are initially recorded in U.S. Dollar equivalents at the applicable exchanges rates upon recognition (historical exchange rate). Monetary assets and monetary liabilities are revalued into U.S. Dollar equivalents at the applicable exchange rates at year-end. Nonmonetary assets and nonmonetary liabilities are maintained at historical exchange rates. Gains or losses from the revaluation of monetary assets and liabilities are recognized as currency translation adjustments in the consolidated statements of activities and changes in net assets.

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and consolidated statements of functional expenses. Program activities are those that are conducted in accordance with the iDE's nature of operations and certain necessary costs. Management and general activities are those that are not identifiable with a single program or fundraising activity, but that are indispensable to the conduct of those activities and to the iDE's existence. Fundraising activities involve inviting potential donors to partner with iDE. Salaries, benefits and payroll tax expense is allocated to programs, management and general activities, and fundraising based on time recorded and classified by employees. All other expense is allocated to activities based on the allocation of staff among departments and square footage utilized by departments.

Income tax status: iDE qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for federal income taxes has been provided. In addition, iDE qualifies for the charitable contribution deduction under Section 170(c)(2) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

iDE follows the guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. iDE has no current obligation for unrelated business income tax. iDE files as a tax-exempt organization.

Use of estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Related party transactions: iDE's board and staff work closely with iDE-Canada in designing, financing and executing projects worldwide. Transactions that occur between iDE and iDE Canada are classified as related party transactions on the consolidated statements of financial position. During the year ended December 31, 2024, iDE had \$19,014 of related party receivables within prepaids and other assets on the consolidated statements of financial position. During the year ended December 31, 2023, iDE had \$22,317 of related party payables recorded within accounts payable on the consolidated statements of financial position.

Subsequent events: iDE has evaluated subsequent events through July 31, 2025, the date on which the consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability

iDE manages its liquidity and reserves using the following guiding principles: operating within a board-approved range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. iDE has an operating reserve fund policy to maintain current financial assets less current liabilities between three and six months of the annual operating budget for iDE headquarters. The compliance with the operating reserve policy and progress towards these targets will be monitored on an annual basis. In the event of an unanticipated liquidity need, iDE also could draw upon \$750,000 of available lines of credit (Note 8).

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Liquidity and Availability (Continued)

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2024 and 2023, are as follows:

	2024	2023
Cash and cash equivalents	\$ 10,174,068	\$ 11,487,209
Accounts receivable, net	209,320	969,341
Grants receivable	2,423,417	2,480,572
Total financial assets	12,806,805	14,937,122
Less:		
Refundable advances	(4,092,403)	(6,218,037)
Donor-restricted net assets	(7,304,178)	(5,424,577)
	(11,396,581)	(11,642,614)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,410,224	\$ 3,294,508

Note 3. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the year ended December 31, 2024, were as follows:

	Balance December 31, 2023	Additions	Releases	Balance December 31, 2024
Subject to expenditure for specific purpose:				
Resilient Farmers	\$ 580,168	\$ 200,000	\$ (357,606)	\$ 422,562
Global Nutrition: Resilient Food Supply Chains	4,581,660	8,101,230	(6,479,085)	6,203,805
Seeding the Future through Farm Business	-	366,000	(333,000)	33,000
Strengthening Farmer Income and Self Reliance	235,108	750,000	(376,301)	608,807
Other	27,641	40,556	(32,193)	36,004
Total net assets with donor restrictions	\$ 5,424,577	\$ 9,457,786	\$ (7,578,185)	\$ 7,304,178

Changes in net assets with donor restrictions during the year ended December 31, 2023, were as follows:

	Balance December 31, 2022	Additions	Releases	Balance December 31, 2023
Subject to expenditure for specific purpose:				
Resilient Farmers	\$ -	\$ 641,012	\$ (60,844)	\$ 580,168
Global Nutrition: Resilient Food Supply Chains	1,800,000	5,395,000	(2,613,340)	4,581,660
Post Harvest Loss Technologies	272,727	-	(272,727)	-
Seeding the Future through Farm Business	293,852	-	(293,852)	-
Strengthening Farmer Income and Self Reliance	227,274	500,000	(492,166)	235,108
Other	108,878	23,000	(104,237)	27,641
Total net assets with donor restrictions	\$ 2,702,731	\$ 6,559,012	\$ (3,837,166)	\$ 5,424,577

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Leases

iDE has operating leases for its headquarters office lease as well as office leases in foreign field offices. Operating lease cost is recognized on a straight-line basis over the lease term. If iDE is reasonably certain to exercise these renewal options at lease inception, the options are considered in determining the lease term, and payments associated with the option years. Rent expense was approximately \$817,139 and \$800,767 for the years ended December 31, 2024 and 2023, respectively.

Operating lease ROU assets and lease liabilities as of December 31, 2024 and 2023, consisted of the following:

	2024	2023
Assets:		
Operating lease right-of-use assets	\$ 1,063,022	\$ 1,045,159
Liabilities:		
Operating lease liabilities, net	\$ 1,147,997	\$ 1,106,904

The components of lease expense are as follows:

	2024	2023
Operating lease cost	\$ 567,028	\$ 599,410
Short-term cost	250,111	223,337
	\$ 817,139	\$ 822,747

Supplemental cash flow information related to leases is as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	\$ 698,999	\$ 691,826
ROU assets obtained in exchange for new lease obligations:		
Operating leases	584,891	294,814

The lease term and discount rate for operating and financing leases are as follows:

	2024	2023
Weighted-average remaining lease term for operating leases	3.18 years	3.58 years
Weighted-average discount rate for operating leases	7.51%	6.43%

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities recognized on the statement of financial position as of December 31, 2024, is as follows:

Years ending December 31:

2025	\$ 498,867
2026	377,894
2027	289,725
2028	107,997
Total lease payments	1,274,483
Less imputed interest	(126,486)
Present value of lease liabilities	<u>\$ 1,147,997</u>

Note 5. Defined Contribution Retirement Plan

iDE has a 403(b) plan available to all full-time domestic employees who are at least 21 years of age, are scheduled at least 1,000 hours per year and have completed three months of service. iDE contributes 6% of the employee's gross salary. Contributions for the years ended December 31, 2024 and 2023, amounted to \$357,424 and \$287,417, respectively.

Note 6. Property and Equipment

Property and equipment at December 31, 2024 and 2023, consists of the following:

	2024	2023
Buildings and improvements	\$ 293,481	\$ 278,058
Furniture and equipment	488,320	440,519
Vehicles	2,707,808	2,636,563
Software (*)	370,511	370,511
Total	3,860,120	3,725,651
Less accumulated depreciation	(2,526,241)	(2,125,808)
Net property and equipment	<u>\$ 1,333,879</u>	<u>\$ 1,599,843</u>

*Software and website development have been aggregated as software.

Note 7. Notes Payable

iDE loans capital to individuals or groups in Cambodia and other countries in which it operates. In December 2014, iDE executed an agreement with Kiva, a California nonprofit public benefit corporation, to become a Kiva Microfinance Institution (MFI) Field Partner. Kiva operates one or more donor advised funds (DAF) that allows advisors to the DAF to connect with local lenders, such as iDE, that provide small loans to borrowers (individuals or groups) in developing countries. The agreement allows iDE to obtain access to, and the ability to post on, Kiva website profiles of borrowers in need of debt capital in order to obtain capital in the form of loans from lenders (individuals and entities) who also access the Kiva website.

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Notes Payable (Continued)

Funds contributed from lenders to the Kiva website bear no interest rate. The agreement establishes maximum microloan limits for individual borrowers and group borrowers by country. The terms of the loans to borrowers of these funds are set by iDE. The agreement requires that all loans to borrowers are established on a short-term basis. iDE is responsible for collecting loan repayments from borrowers and remitting loan repayments to Kiva. Kiva periodically bills iDE for all loan repayments that have been collected from borrowers by a certain date. At any time during the term of the agreement, Kiva may elect to charge a fee on funds raised through the Kiva website. During 2024 and 2023, there was no Kiva fee charged on funds raised through the Kiva website. As of December 31, 2024 and 2023, the maximum credit limit of funds that iDE may raise through Kiva was \$800,000. The maximum credit limit is determined based on Kiva's MFI risk rating model.

As of December 31, 2024 and 2023, the outstanding balance of funds raised through Kiva was \$298,776 and \$521,329, respectively.

The following is a schedule of the future minimum principal payments due on all notes as of December 31 2024:

Years ending December 31:

2025	\$ 186,911
2026	111,865
	<u>\$ 298,776</u>

Note 8. Line of Credit

At December 31, 2023, iDE had a line of credit with a financial institution with maximum borrowings of up to \$750,000. The line of credit expired on March 10, 2024, and accrued interest at a rate of 8.75%. At December 31, 2024 and 2023, no amounts were outstanding on the line of credit.

On March 26, 2024, iDE entered into a new line of credit with maximum borrowing of up to \$1,000,000. The line of credit accrues interest at 8.50% and expires on March 26, 2025.

Subsequent to year-end, iDE entered into a new line of credit with a maximum borrowing of up to \$750,000 with an interest rate of 7.5%. iDE drew down approximately \$700,000 from this line of credit subsequent to year-end. The line of credit is set to expire on March 25, 2026.

Note 9. Commitments and Contingencies

International operations: iDE has field offices in various countries in Africa, Asia and Central America. The future results of iDE's programs could be adversely affected by a number of potential factors such as changes in the political climate, inflation and currency fluctuation.

Federal and nonfederal grants: iDE participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by the United States Agency for International Development (USAID) or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

Litigation: iDE is involved in various claims and legal actions arising in the ordinary course of business. Based upon information currently available, management believes the ultimate disposition of these matters will not have a material adverse effect on its financial position, changes in net assets or cash flows.

International Development Enterprises and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Subsequent Event

In January 2025, the new United States presidential administration signed executive orders that has the potential to significantly impact current and future Federal funding. Total federal-sourced revenue approximated \$17,000,000 of total support and revenue for the year ended December 31, 2024. During fiscal year 2025, notices of termination for the convenience of the U.S Government has been received for all active federal awards that had remaining funds available of approximately \$36,600,000. These amounts have not been recorded as revenue in the December 31, 2024 financial statements but are disclosed as part of the conditional grants in Note 1. Management is continually monitoring the impact of all executive orders for impacts on current and future funding.