

CONSOLIDATED FINANCIAL STATEMENTS



**EVIDENCE ACTION, INC.
AND AFFILIATES**

**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

EVIDENCE ACTION, INC. AND AFFILIATES

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Evidence Action, Inc. and Affiliates
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of Evidence Action, Inc. and Affiliates (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and 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.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2022 and 2021, and the consolidated 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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.

We did not audit the financial activity of Evidence Action's consolidated affiliates (Uganda, Malawi, Nigeria and India) and the financial activity in its Kenya branch, whose financial statements reflect total assets of \$4,928,499 (3% of total assets) and \$2,026,146 (2% of total assets) as of December 31, 2022 and 2021, respectively, total revenues of \$378 (0.0003% of total revenues) and \$8,492 (0.0400% of total revenues), respectively, and total expenses of \$19,864,989 (61% of total expenses) and \$10,507,985 (46% of total expenses), respectively, for the years ended December 31, 2022 and 2021. Those financial activities were audited by other auditors, whose reports expressed an unmodified opinion on those statements and have been furnished to us, and our opinion, insofar as it relates to the amounts included for Evidence Action's affiliates (Uganda, Malawi, Nigeria and India) and the amounts included for its Kenya branch, is based solely on the reports of the other auditors dated June 12, 2023, May 24, 2023, June 22, 2023, August 1, 2023, and June 16, 2023, respectively.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated 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 within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 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 consolidated 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on pages 23 - 24 and the Consolidating Schedule of Activities and Change in Net Assets on pages 25 - 26 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



October 12, 2023

EVIDENCE ACTION, INC. AND AFFILIATES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents:		
Cash held in the United States	\$ 60,975,138	\$ 11,738,531
Cash held in foreign jurisdictions	<u>1,481,501</u>	<u>898,595</u>
Total cash and cash equivalents	<u>62,456,639</u>	<u>12,637,126</u>
Investments	76,975,399	64,899,396
Contributions and grants receivable	12,415,414	2,683,964
Accounts, employee, and other receivables, net	1,027,828	2,999,397
Prepaid expenses	<u>757,956</u>	<u>578,613</u>
Total current assets	<u>153,633,236</u>	<u>83,798,496</u>
FIXED ASSETS		
Furniture and equipment	372,125	297,946
Vehicles	554,415	240,125
Less: Accumulated depreciation	<u>(456,072)</u>	<u>(353,298)</u>
Net fixed assets	<u>470,468</u>	<u>184,773</u>
NONCURRENT ASSETS		
Contributions and grants receivable, net of current portion and present value discount	26,269,591	953,280
Security deposits	117,876	105,098
Right-of-use assets	<u>1,164,517</u>	<u>1,236,406</u>
Total noncurrent assets	<u>27,551,984</u>	<u>2,294,784</u>
TOTAL ASSETS	<u>\$ 181,655,688</u>	<u>\$ 86,278,053</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,889,448	\$ 1,447,959
Refundable advances	32,348	15,913
Operating lease liability	<u>223,621</u>	<u>111,365</u>
Total current liabilities	<u>2,145,417</u>	<u>1,575,237</u>
NONCURRENT LIABILITIES		
Operating lease liability, net of current portion	<u>1,056,309</u>	<u>1,155,592</u>
Total liabilities	<u>3,201,726</u>	<u>2,730,829</u>
NET ASSETS		
Without donor restrictions	45,870,357	19,983,340
With donor restrictions	<u>132,583,605</u>	<u>63,563,884</u>
Total net assets	<u>178,453,962</u>	<u>83,547,224</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 181,655,688</u>	<u>\$ 86,278,053</u>

See accompanying notes to consolidated financial statements.

EVIDENCE ACTION, INC. AND AFFILIATES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 24,290,539	\$ 102,894,873	\$ 127,185,412
Carbon revenue	1,647,305	-	1,647,305
Investment loss	(797,777)	(727,112)	(1,524,889)
Other revenue	180,766	-	180,766
Net assets released from donor restrictions	<u>33,103,129</u>	<u>(33,103,129)</u>	<u>-</u>
Total revenue and support	<u>58,423,962</u>	<u>69,064,632</u>	<u>127,488,594</u>
EXPENSES			
Program Services:			
Nutrition	12,352,696	-	12,352,696
Safe Water	11,044,304	-	11,044,304
Maternal Neonatal Child Health	1,150,444	-	1,150,444
New Program Development	<u>1,463,640</u>	<u>-</u>	<u>1,463,640</u>
Total program services	<u>26,011,084</u>	<u>-</u>	<u>26,011,084</u>
Supporting Services:			
Management and General	5,603,995	-	5,603,995
Fundraising	<u>928,533</u>	<u>-</u>	<u>928,533</u>
Total supporting services	<u>6,532,528</u>	<u>-</u>	<u>6,532,528</u>
Total expenses	<u>32,543,612</u>	<u>-</u>	<u>32,543,612</u>
Changes in net assets before other items	<u>25,880,350</u>	<u>69,064,632</u>	<u>94,944,982</u>
OTHER ITEMS			
Deobligation and return of grant funds	-	(44,911)	(44,911)
Gain on foreign currency exchange	<u>6,667</u>	<u>-</u>	<u>6,667</u>
Total other items	<u>6,667</u>	<u>(44,911)</u>	<u>(38,244)</u>
Changes in net assets	25,887,017	69,019,721	94,906,738
Net assets at beginning of year	<u>19,983,340</u>	<u>63,563,884</u>	<u>83,547,224</u>
NET ASSETS AT END OF YEAR	<u>\$ 45,870,357</u>	<u>\$ 132,583,605</u>	<u>\$ 178,453,962</u>

EVIDENCE ACTION, INC. AND AFFILIATES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 6,437,520	\$ 11,870,008	\$ 18,307,528
Carbon revenue	3,225,125	-	3,225,125
Investment loss	(103,350)	(163,509)	(266,859)
Other revenue	63,792	-	63,792
Net assets released from donor restrictions	<u>20,164,214</u>	<u>(20,164,214)</u>	<u>-</u>
Total revenue and support	<u>29,787,301</u>	<u>(8,457,715)</u>	<u>21,329,586</u>
EXPENSES			
Program Services:			
Nutrition	10,858,189	-	10,858,189
Safe Water	4,971,152	-	4,971,152
Maternal Neonatal Child Health	566,583	-	566,583
New Program Development	<u>870,928</u>	<u>-</u>	<u>870,928</u>
Total program services	<u>17,266,852</u>	<u>-</u>	<u>17,266,852</u>
Supporting Services:			
Management and General	4,604,296	-	4,604,296
Fundraising	<u>825,044</u>	<u>-</u>	<u>825,044</u>
Total supporting services	<u>5,429,340</u>	<u>-</u>	<u>5,429,340</u>
Total expenses	<u>22,696,192</u>	<u>-</u>	<u>22,696,192</u>
Changes in net assets before other items	<u>7,091,109</u>	<u>(8,457,715)</u>	<u>(1,366,606)</u>
OTHER ITEMS			
Deobligation and return of grant funds	-	(1,500,000)	(1,500,000)
Gain on foreign currency exchange	<u>1,801</u>	<u>-</u>	<u>1,801</u>
Total other items	<u>1,801</u>	<u>(1,500,000)</u>	<u>(1,498,199)</u>
Changes in net assets	7,092,910	(9,957,715)	(2,864,805)
Net assets at beginning of year	<u>12,890,430</u>	<u>73,521,599</u>	<u>86,412,029</u>
NET ASSETS AT END OF YEAR	<u>\$ 19,983,340</u>	<u>\$ 63,563,884</u>	<u>\$ 83,547,224</u>

EVIDENCE ACTION, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services				Total Expenses
	Nutrition	Safe Water	Maternal Neonatal Child Health	New Program Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 4,162,541	\$ 3,024,970	\$ 434,769	\$ 951,750	\$ 8,574,030	\$ 3,202,339	\$ 665,774	\$ 3,868,113	\$ 12,442,143
Payroll taxes and employee benefits	623,871	845,825	82,262	190,816	1,742,774	699,664	150,137	849,801	2,592,575
Contract services	2,203,127	138,852	208,425	106,328	2,656,732	755,644	28,379	784,023	3,440,755
Occupancy	244,644	359,722	43,115	34,442	681,923	120,703	21,823	142,526	824,449
Office expenses	625,004	641,326	51,251	24,470	1,342,051	84,505	6,644	91,149	1,433,200
Program management and material	706,931	4,746,029	76,889	4,344	5,534,193	1,887	-	1,887	5,536,080
Travel	1,301,274	877,034	117,433	118,588	2,414,329	156,700	12,137	168,837	2,583,166
Information technology	66,881	205,668	7,121	19,805	299,475	435,306	42,791	478,097	777,572
Insurance	2,237	9,585	60	589	12,471	67,395	198	67,593	80,064
Conferences and meetings	371,816	156,628	9,850	7,404	545,698	27,908	650	28,558	574,256
Grant awards	1,918,727	-	113,978	-	2,032,705	-	-	-	2,032,705
Bank finance charges, taxes and fees	62,666	(17,029)	5,181	3,123	53,941	(452)	-	(452)	53,489
Donation processing fees	28,728	4,407	110	332	33,577	32,270	-	32,270	65,847
Depreciation	34,249	51,287	-	1,649	87,185	20,126	-	20,126	107,311
TOTAL	\$ 12,352,696	\$ 11,044,304	\$ 1,150,444	\$ 1,463,640	\$ 26,011,084	\$ 5,603,995	\$ 928,533	\$ 6,532,528	\$ 32,543,612

See accompanying notes to consolidated financial statements.

EVIDENCE ACTION, INC. AND AFFILIATES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services				Supporting Services				Total Expenses
	Nutrition	Safe Water	Maternal Neonatal Child Health	New Program Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 3,321,309	\$ 1,576,719	\$ 275,532	\$ 486,410	\$ 5,659,970	\$ 2,586,863	\$ 562,049	\$ 3,148,912	\$ 8,808,882
Payroll taxes and employee benefits	642,841	511,733	45,311	111,007	1,310,892	512,611	119,284	631,895	1,942,787
Contract services	1,980,317	131,864	87,678	31,090	2,230,949	671,363	76,225	747,588	2,978,537
Occupancy	193,822	263,703	2,277	40,184	499,986	215,881	24,778	240,659	740,645
Office expenses	403,279	256,783	13,547	26,106	699,715	101,238	5,696	106,934	806,649
Program management and material	906,779	1,821,473	867	104,296	2,833,415	(13,723)	-	(13,723)	2,819,692
Travel	778,089	302,903	47,142	57,897	1,186,031	61,055	-	61,055	1,247,086
Information technology	92,396	46,138	4,889	9,394	152,817	282,372	36,838	319,210	472,027
Insurance	4,771	3,786	20	59	8,636	56,665	-	56,665	65,301
Conferences and meetings	178,170	59,727	5,509	3,482	246,888	9,399	174	9,573	256,461
Grant awards	2,282,980	-	80,505	-	2,363,485	-	-	-	2,363,485
Bank finance charges, taxes and fees	(3,575)	(7,287)	3,306	217	(7,339)	47,643	-	47,643	40,304
Donation processing fees	36,720	3,610	-	58	40,388	36,636	-	36,636	77,024
Depreciation	40,291	-	-	728	41,019	36,293	-	36,293	77,312
TOTAL	\$ 10,858,189	\$ 4,971,152	\$ 566,583	\$ 870,928	\$ 17,266,852	\$ 4,604,296	\$ 825,044	\$ 5,429,340	\$ 22,696,192

See accompanying notes to consolidated financial statements.

EVIDENCE ACTION, INC. AND AFFILIATES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 94,906,738	\$ (2,864,805)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	107,311	77,312
Gain on sale of fixed assets	-	(6,370)
Net realized and unrealized loss on investments	2,746,748	619,870
Receipt of donated securities	(38,276)	(89,344)
Proceeds from sale of donated securities	39,149	90,514
Realized gain on sale of donated securities	(873)	(1,170)
Amortization of right-of-use asset	71,889	70,479
Change in discount on long-term receivables	3,288,844	(35,565)
Change in allowance for doubtful accounts	-	(395,805)
Extinguishment of debt	-	(500,000)
(Increase) decrease in:		
Contributions and grants receivable	(38,336,605)	5,375,338
Accounts, employee, and other receivables, net	1,971,569	(1,230,130)
Prepaid expenses	(179,343)	48,220
Security deposits	(12,778)	(52,962)
Increase (decrease) in:		
Accounts payable and accrued liabilities	441,489	158,298
Refundable advances	16,435	(673,340)
Operating lease liability	12,973	(39,928)
Net cash provided by operating activities	<u>65,035,270</u>	<u>550,612</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(393,006)	(140,181)
Net purchases of investments	<u>(14,822,751)</u>	<u>(344,915)</u>
Net cash used in investing activities	<u>(15,215,757)</u>	<u>(485,096)</u>
Net increase in cash and cash equivalents	49,819,513	65,516
Cash and cash equivalents at beginning of year	<u>12,637,126</u>	<u>12,571,610</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 62,456,639	\$ 12,637,126
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-Use Assets	\$ 266,419	\$ 1,306,886
Operating Lease Liability for Right-of-Use Assets	\$ 266,419	\$ 1,305,512

EVIDENCE ACTION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

Evidence Action, Inc. (Evidence Action) is a 501(c)(3) non-profit organization, incorporated and headquartered in the District of Columbia. Evidence Action has assumed the management and growth responsibility of four programs (see "Program Services" section of this footnote) that are currently making a difference in the lives of millions of people in Africa and Asia.

Evidence Action maintains branch offices and affiliate organizations outside of the United States. The purpose of Evidence Action's local presence is to facilitate its in-country program activities and to ensure compliance with local laws (therefore minimizing risk to its overall operations). Evidence Action transfers cash to its branches and affiliates on a regular basis to ensure there is sufficient funding to implement its programs and meet ongoing commitments.

In accordance with accounting principles generally accepted in the United States of America, consolidation is required if an organization has significant influence/control over (i.e., major voting interest), and/or significant economic interest in (providing material support to), another entity. The net assets of Evidence Action's local affiliates are included in its consolidated net assets. In the event of dissolution (of any of these entities), any remaining net assets will be returned to Evidence Action. The branch offices and affiliated entities include the following:

Evidence Action Kenya: A branch office established in 2013 under a Certificate of Compliance pursuant to Section 366 of the Companies Act of Kenya. The principal activity of the Kenya branch is to develop and de-risk business models for programs that aim to reduce poverty and spur growth in developing countries."

Evidence Action Limited (Uganda): A subsidiary non-profit organization established in 2014 as a company limited by guarantee under the Companies Act of Uganda. The principal activity of Evidence Action Uganda is to conduct Evidence Action, Inc.'s programmatic work in Uganda, which is primarily focused on promoting access to safe water.

Evidence Action Limited (Malawi): A subsidiary non-profit organization established in 2014 and incorporated in 2017 as a private company limited by guarantee under the Malawi Companies Act, No. 15 of 2013. Evidence Action Malawi's principal activity is to scale proven development solutions to benefit millions of people around the world through the Dispensers for Safe Water Program and, as applicable, any other Evidence Action, Inc. programmatic work in Malawi.

Evidence Action Development Initiative Ltd/GTE (Nigeria): A subsidiary organization established and incorporated in 2018 as a private company limited by guarantee under the Companies and Allied Matters Act 1990 of Nigeria. Evidence Action Nigeria is dedicated to providing a school-based deworming program for school children and, as applicable, any other Evidence Action, Inc. programmatic work in Nigeria.

Evidence Action PTY LTD (Australia): An organization established in 2016 under the Corporations Act 2001 in Australia to facilitate employment of staff and ensure compliance with local laws. During the years ended December 31, 2022 and 2021, Evidence Action PTY LTD had no programmatic activity.

Evidence Action India: During 2020, Evidence Action established EAI1, LLC, and during 2021 Evidence Action established EAI3, LLC (both of which Evidence Action is the sole member). Both entities are considered to be disregarded entities for tax purposes as they are limited liability companies under the laws of the District of Columbia. The reason for establishing these entities was to facilitate the creation of a local Indian company, EAI1 Advisors Private Limited, which was incorporated during 2020 as a Section 7 private limited company under the Companies Act of 2013. EAI1 Advisors Private Limited is limited by shares, which are owned by EAI1, LLC and EAI3, LLC.

EVIDENCE ACTION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Organizations (continued) -

Evidence Action India (continued): In accordance with a resolution passed by EAIL, LLC, a total of 49,990 equity shares (of Indian Rs. 10 each, approximately \$6,700) were subscribed (with a member of the Evidence Action senior leadership team that has been appointed as a nominee shareholder allotted 10 equity shares of Rs. 10 each) in order to establish its sole membership in EAIL Advisors Private Limited. Subsequently the 10 equity shares were transferred from the member of Evidence Action's senior leadership team to EAI3, LLC, who now holds these shares as the nominee shareholder on behalf of EAIL, LLC. EAIL Advisors Private Limited is an Indian private limited company which acts as Evidence Action's technical partner in India under a services agreement.

Evidence Action Liberia: A branch office established and registered to conduct business in Liberia in 2021 under the Associations Law of Liberia. The principal activity of Evidence Action Liberia is to conduct Evidence Action, Inc.'s programmatic work in Liberia, which is primarily focused on the revitalization of the health care delivery system, particularly in the area of reproductive health.

Evidence Action Zambia: A branch office established and registered as a foreign company in 2022 under the Companies Act, 2017. The principal activity of Evidence Action Zambia is to conduct Evidence Action, Inc.'s programmatic work in Zambia, which is primarily focused on supporting government of Zambia partners to prevent mother-to-child transmission of syphilis across the country. During the years ended December 31, 2022 and 2021, Evidence Action Zambia had no activity.

Principles of consolidation -

The consolidated financial statements include the accounts of Evidence Action, Inc. (including its branch offices in Kenya and Liberia) and affiliated entities (Evidence Action Uganda, Evidence Action Malawi, Evidence Action Nigeria, Evidence Action Australia, EAIL, LLC, EAIL Advisors Private Limited, and EAI 3, LLC), collectively referred to as "the Organization." All intercompany transactions and balances have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions.

EVIDENCE ACTION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions (continued)** - When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Program services -

Nutrition: The Nutrition Program leads the work for Evidence Action's Deworm the World and Iron and Folic Acid Supplementation Programs. Deworm the World Initiative is an incredibly high impact program, helping to deliver over 1.4 billion treatments to children for intestinal worms since 2014. Deworm the World Initiative provides technical assistance to governments to implement high quality, cost effective, and sustainable programming. Regular deworming results in improved education, health, and long term well-being for treated children. In 2019, Evidence Action launched a technical assistance program to support the delivery of Iron and Folic Acid (IFA) supplementation for children and adolescents 6 months – 19 years of age in India. The program is being implemented across five states in India with a robust external evaluation design to measure changes in coverage.

Safe Water: Evidence Action's Safe Water program utilizes proven, innovative, and low-cost approaches to provide sustained safe water access at source to more than 9 million people in rural Africa, preventing childhood illness and deaths. Our Dispensers for Safe Water help rural communities install chlorine dispensers to allow users to add exactly the right dose of diluted chlorine to their water buckets, while in-line chlorination automatically treats communal piped water systems.

Maternal Neonatal Child Health: The maternal syphilis program is a technical assistance program providing comprehensive support to governments to scale HIV/syphilis dual testing and strengthen syphilis treatment provision, with focus in five core areas: (1) strengthening policy, program management, and coordination, (2) enhancing supply chain management, (3) strengthening data collection and monitoring, (4) supporting healthcare provider training and supervision, and (5) identifying and securing sustainable funding.

New Program Development: Evidence Action Accelerator drives new program development, selecting high-potential interventions with massive opportunity for evidence-based, cost-effective impact. The Accelerator tests and refines delivery models with the goal of rapidly scaling interventions with levels of impact similar to our existing programs. Promising new programs are advanced through a rigorous, 6 stage process - from desk research to testing at scale.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal. The Organization maintains numerous bank accounts in foreign countries, which are largely uninsured. Total cash and cash equivalents held outside the United States was \$1,481,501 and \$898,595 as of December 31, 2022 and 2021, respectively.

EVIDENCE ACTION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Foreign currency translation -

The U.S. Dollar is the functional currency for the Organization. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect as of the date of the Consolidated Statements of Financial Position.

Gains and losses on translation of foreign currencies are included in the Consolidated Statements of Activities and Changes in Net Assets.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses net of investment fees are included in investment loss in the Consolidated Statements of Activities and Changes in Net Assets. Investments acquired by gift are recorded at their fair value at the date of the gift. Evidence Action's policy is to liquidate all gifts of investments as soon as possible after the gift is received.

Receivables -

Contributions and grants receivable are presented at estimated fair value. Contributions and grants receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Accretion of the discounts is included in contributions and grants revenue.

Accounts, employee and other receivables are expected to be collected within one year. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and historical experience. As a result of these reviews, management establishes an allowance as a best estimate of probable losses. All contribution and grants receivable balances, or portions thereof, that are deemed to be uncollectable, or that require excessive collection cost, are written off. Applying the direct write off method does not produce results that are materially different from an allowance applied on an ongoing basis.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Depreciation expense for the years ended December 31, 2022 and 2021 totaled \$107,311 and \$77,312, respectively.

Income taxes -

Evidence Action is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Evidence Action is not a private foundation.

EVIDENCE ACTION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Income taxes (continued) -

EAll, LLC and EAI 3, LLC are wholly owned by Evidence Action and are considered disregarded entities by the Internal Revenue Service. As such, EAll and EAI 3, LLC's activity is reported each year within Evidence Action's tax filings.

Evidence Action Uganda, Evidence Action Malawi, and Evidence Action Nigeria are registered (in each respective country) as tax-exempt organizations. Evidence Action Kenya, Evidence Action Liberia and Evidence Action Zambia (branch offices) have tax exempt status through Evidence Action's IRS exempt status (as well as local tax exempt status). Evidence Action Australia and EAll Advisors Private Limited are not tax-exempt organizations. During the years ended December 31, 2022 and 2021, EAll Advisors Private Limited realized tax liabilities totaling \$104,000 and \$0, respectively (Evidence Action Australia did not realize any tax liability during both years).

Uncertain tax positions -

For the years ended December 31, 2022 and 2021, Evidence Action has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Revenue -

Contributions and grants are recognized in the appropriate category of net assets in the period received. Evidence Action performs an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

Funds received in advance of the incurrence of qualifying expenditures are recorded as deferred revenue unless they are from the United States Government which is then recorded as a refundable advance. For contributions and grants treated as contributions, Evidence Action had approximately \$24,000,000 and \$6,100,000, respectively, as of December 31, 2022 and 2021, in unrecognized conditional awards (not yet recorded as revenue in the accompanying consolidated financial statements).

EVIDENCE ACTION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Revenue (continued) -

Evidence Action also receives income which is considered non-assistance and therefore treated as an exchange transaction; such income is recorded based on the guidance included in ASU 2014-09, *Revenue from Contracts With Customers*. Evidence Action has elected to opt out of all (or certain) disclosures not required for nonpublic entities. The transaction price is based on the fee terms stipulated in the related agreements. Accordingly, revenue is recorded based on those terms and as performance obligations are met.

The revenue is presented as "without donor restrictions" in the accompanying consolidated financial statements. Income received in advance are recorded as refundable advances; amounts due to Evidence Action are recorded as accounts receivable. Evidence Action did not have any receivables from contracts with customers as of December 31, 2020.

Carbon revenue -

Carbon revenue is generated by the sale of Certified Emission Reductions generated by the Safe Water Program under the UNFCCC's Clean Development Mechanism.

Carbon revenue is recognized based on the guidance in ASU 2014-09 (noted above), and revenue is recorded when the carbon emission reduction credits are sold (signifying the performance obligation has been met).

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ significantly from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Investment risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

EVIDENCE ACTION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fair value measurement -

The Organization utilizes a framework for measuring fair value based upon a fair value hierarchy utilizing inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to a realignment of the Organization's programs.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326) replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Organization for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

2. INVESTMENTS

The Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

EVIDENCE ACTION, INC. AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

2. INVESTMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used or transfers between levels as of December 31, 2022 and 2021. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - The fair value is equal to the reported net asset value of the fund.
- *Corporate bonds* - Valued at the closing price reported on the active market in which the individual securities are traded.

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Corporate bonds	\$ 76,975,399	\$ -	\$ -	\$ 76,975,399
TOTAL	\$ 76,975,399	\$ -	\$ -	\$ 76,975,399

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 36,166,551	\$ -	\$ -	\$ 36,166,551
Corporate bonds	<u>28,732,845</u>	<u>-</u>	<u>-</u>	<u>28,732,845</u>
TOTAL	\$ 64,899,396	\$ -	\$ -	\$ 64,899,396

Included in investment loss are the following during the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 1,221,859	\$ 353,011
Net realized and unrealized loss	<u>(2,746,748)</u>	<u>(619,870)</u>
TOTAL INVESTMENT LOSS	\$ (1,524,889)	\$ (266,859)

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributors to the Organization have made written promises to give, of which \$42,020,569 and \$3,683,964, respectively, remained due and outstanding as of December 31, 2022 and 2021. Contributions and grants due in more than one year have been recorded at the present value of the estimated cash flows, using discount rates between 7.5% and 3.25% for the years ended December 31, 2022 and 2021, respectively.

EVIDENCE ACTION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

3. CONTRIBUTIONS AND GRANTS RECEIVABLE (Continued)

Contributions and grants are due as follows as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 12,415,414	\$ 2,683,964
One to five years	<u>29,605,155</u>	<u>1,000,000</u>
Subtotal	42,020,569	3,683,964
Less: Allowance to discount estimated cash flows to present value	<u>(3,335,564)</u>	<u>(46,720)</u>
Subtotal	38,685,005	3,637,244
Less: Current portion	<u>(12,415,414)</u>	<u>(2,683,964)</u>
CONTRIBUTIONS AND GRANTS RECEIVABLE, NET OF CURRENT PORTION AND PRESENT VALUE DISCOUNT	<u>\$ 26,269,591</u>	<u>\$ 953,280</u>

4. PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On May 1, 2020, the Organization received loan proceeds in the amount of \$500,000 under the Paycheck Protection Program (PPP). The promissory note required monthly principal and interest payments amortized over the two-year term of the promissory note with a deferral of payments for the first six months. The annual interest rate is 1%. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration (SBA) in whole or in part.

During the year ended December 31, 2021, the Organization used the proceeds for purposes consistent with the PPP, and the loan was forgiven by the SBA during 2021; accordingly, the extinguishment of debt was recognized as contributions and grants revenue in the 2021 Consolidated Statement of Activities and Changes in Net Assets.

5. NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2022 and 2021, net assets without donor restrictions includes the following:

	<u>2022</u>	<u>2021</u>
Board designated net assets:		
Operating reserve	\$ 26,000,000	\$ 2,626,749
Strategic program reserve	<u>7,000,000</u>	<u>-</u>
Total Board designated net assets	33,000,000	2,626,749
Undesignated net assets	<u>12,870,357</u>	<u>17,356,591</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 45,870,357</u>	<u>\$ 19,983,340</u>

EVIDENCE ACTION, INC. AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Nutrition	\$ 56,332,119	\$ 46,365,631
Safe Water	41,531,681	4,803,936
Maternal Neonatal Child Health	13,813,428	886,348
New Program Development	15,551,779	3,553,640
Organizational Strengthening	<u>5,354,598</u>	<u>7,954,329</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 132,583,605</u>	<u>\$ 63,563,884</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2022</u>	<u>2021</u>
Program expenses including administrative costs:		
Nutrition	\$ 14,215,677	\$ 12,725,434
Safe Water	13,170,069	3,900,902
Maternal Neonatal Child Health	1,359,780	668,568
New Program Development	1,757,871	971,033
Non-program expenses for:		
Organizational Strengthening	<u>2,599,732</u>	<u>1,898,277</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 33,103,129</u>	<u>\$ 20,164,214</u>

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 62,456,639	\$ 12,637,126
Investments	76,975,399	64,899,396
Contributions and grants receivable, net	38,685,005	3,637,244
Accounts, employee, and other receivables, net	<u>1,027,828</u>	<u>2,999,397</u>
Subtotal financial assets	179,144,871	84,173,163
Less: Donor restricted funds	(132,583,605)	(63,563,884)
Less: Board-designated funds	<u>(33,000,000)</u>	<u>(2,626,749)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 13,561,266</u>	<u>\$ 17,982,530</u>

EVIDENCE ACTION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

7. LIQUIDITY AND AVAILABILITY (Continued)

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

8. LEASE COMMITMENTS

On March 19, 2018, the Organization entered into a 42-month agreement which terminated on October 31, 2021 to lease office space in Washington, D.C. Base rent was \$294,170 a year, increasing by a factor of 4% per year. The lease included six months of abated rent at a rate of 50% in the first year of the lease.

On June 14, 2021, the Organization entered into a 74-month agreement (commencing on October 1, 2021 and terminating on November 30, 2027) to sublease office space in Washington, D.C. Base rent is \$191,488 per annum, increasing by a factor of 4% per year. The lease includes 50% of abated rent for fourteen months in the first two years of the lease.

Additionally, the Organization entered into a 73-month agreement (commencing on February 1, 2021 and terminating on January 31, 2027) to lease warehouse space in Kenya. Base rent is approximately \$28,000 per annum. The Organization terminated the Kenya warehouse lease during 2022 and entered into a new lease for warehouse space in Kenya spanning 63-months (commencing on September 1, 2022 and terminating on November 30, 2027). Base rent is approximately \$12,000 per annum increasing by a factor of 5% per year. The Organization also entered into a lease agreement in Kenya (commencing on July 1, 2022 and terminating on June 30, 2028) for office space. Base rent is approximately \$41,000 per annum for the first three years of the lease. Base rent for the last three years of the office lease in Kenya is approximately \$45,000 per annum.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. The Organization elected during 2021 to early implement the ASU and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. The Organization also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Organization adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, the Organization recorded a right-of-use asset in the amount of \$1,573,305. The Organization recorded an operating lease liability in the amount of \$1,571,931 by calculating the present value using various discount rates between 1.1% and 8.5%. As of December 31, 2022, the weighted-average remaining lease term and rate for the financing leases is 4.96 years and 6.80%, respectively.

In addition, the Organization leases office space under shorter-term agreements in the Republic of Uganda, the Republic of Malawi, the Republic of Nigeria, Liberia and India. These operating leases expire on various dates through 2025.

EVIDENCE ACTION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

8. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments under all leases:

Year Ending December 31,

	\$	256,452
2023		265,104
2024		276,168
2025		287,597
2026		275,891
2027		<u>22,646</u>
Thereafter		
		1,383,858
Less: Imputed interest		<u>(103,928)</u>
		1,279,930
Less: Current portion		<u>(223,621)</u>
LONG-TERM PORTION	\$	<u>1,056,309</u>

Lease expense for the years ended December 31, 2022 and 2021 was \$824,449 and \$740,645, respectively.

9. RETIREMENT PLAN

The Organization provides retirement benefits to its eligible employees. The type of plan and matching contribution differ in each country in which it has operations, with a maximum employer contribution of 10%. Contributions to the Plans during the years ended December 31, 2022 and 2021 totaled \$723,172 and \$480,426, respectively.

10. DEOBLIGATION AND RETURN OF GRANT FUNDS

During 2022, management was informed about an estimated \$1,500,000 deobligation of funds by a donor under an award with a term ending on September 30, 2022. The grant was awarded (and recorded as revenue) prior to the 2021 fiscal year, and therefore, the estimated deobligation was recorded as a reduction of the grant receivable balance (due to its impaired collectibility) and has also been reflected as an "Other Item" in the accompanying 2021 Consolidated Statement of Activities and Changes in Net Assets. An additional \$44,911 was de-obligated under this same award during the year ended December 31, 2022; the deobligations are reflected as an "Other Item" in the accompanying Consolidated Statement of Activities and Changes in Net Assets.

11. CONCENTRATION OF REVENUE

During the year ended December 31, 2022, approximately 70% of the Organization's revenue was derived from awards from one donor and during the year ended December 31, 2021, approximately 30% of the Organization's revenue was derived from three donors. While any interruption of relationships with these donors could adversely affect the Organization's financial position, it is confident that it has a stable and diversified base as well as substantial net assets and operating reserves to continue ongoing operations if any of the relationships with the donors are discontinued.

EVIDENCE ACTION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

12. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 12, 2023, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

EVIDENCE ACTION, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	ASSETS						
	Evidence Action U.S. and Branches	Evidence Action Uganda	Evidence Action Malawi	Evidence Action Nigeria	EAI Advisors India	Eliminations	Total
CURRENT ASSETS							
Cash and cash equivalents	\$ 61,290,872	\$ 255,750	\$ 53,057	\$ 296,275	\$ 560,685	\$ -	\$ 62,456,639
Investments	76,975,399	-	-	-	-	-	76,975,399
Contributions and grants receivable	12,415,414	-	-	-	-	-	12,415,414
Accounts, employee and other receivables, net	486,040	15,745	9,222	51,081	649,399	(183,659)	1,027,828
Prepaid expenses	663,104	21,067	40,104	10,631	12,392	10,658	757,956
Total current assets	<u>151,830,829</u>	<u>292,562</u>	<u>102,383</u>	<u>357,987</u>	<u>1,222,476</u>	<u>(173,001)</u>	<u>153,633,236</u>
FIXED ASSETS							
Furniture and equipment	256,517	-	-	-	115,608	-	372,125
Vehicles	138,898	-	-	-	-	415,517	554,415
Less: Accumulated depreciation	(299,748)	-	-	-	(55,428)	(100,896)	(456,072)
Net fixed assets	<u>95,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,180</u>	<u>314,621</u>	<u>470,468</u>
NONCURRENT ASSETS							
Contributions and grants receivable, net of current portion and present value discount	26,269,591	-	-	-	-	-	26,269,591
Security deposits	91,440	1,406	315	-	24,715	-	117,876
Right-of-use assets	1,164,517	-	-	11,117	-	(11,117)	1,164,517
Investment in subsidiary	6,729	-	-	-	685	(7,414)	-
Total noncurrent assets	<u>27,532,277</u>	<u>1,406</u>	<u>315</u>	<u>11,117</u>	<u>25,400</u>	<u>(18,531)</u>	<u>27,551,984</u>
TOTAL ASSETS	<u>\$ 179,458,773</u>	<u>\$ 293,968</u>	<u>\$ 102,698</u>	<u>\$ 369,104</u>	<u>\$ 1,308,056</u>	<u>\$ 123,089</u>	<u>\$ 181,655,688</u>

EVIDENCE ACTION, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	LIABILITIES AND NET ASSETS						
	Evidence Action U.S. and Branches	Evidence Action Uganda	Evidence Action Malawi	Evidence Action Nigeria	EAI Advisors India	Eliminations	Total
CURRENT LIABILITIES							
Accounts payable and accrued liabilities	\$ 1,140,196	\$ 282,575	\$ 74,339	\$ 142,528	\$ 767,452	\$ (517,642)	\$ 1,889,448
Refundable advances	32,348	-	-	-	-	-	32,348
Operating lease liability	223,621	-	-	-	-	-	223,621
Total current liabilities	1,396,165	282,575	74,339	142,528	767,452	(517,642)	2,145,417
NONCURRENT LIABILITIES							
Operating lease liability, net of current portion	1,056,309	-	-	-	-	-	1,056,309
Total liabilities	2,452,474	282,575	74,339	142,528	767,452	(517,642)	3,201,726
NET ASSETS							
Net assets without donor restrictions	44,423,327	11,393	27,726	226,576	540,604	640,731	45,870,357
Net assets with donor restrictions	132,582,972	-	633	-	-	-	132,583,605
Total net assets	177,006,299	11,393	28,359	226,576	540,604	640,731	178,453,962
TOTAL LIABILITIES AND NET ASSETS	\$ 179,458,773	\$ 293,968	\$ 102,698	\$ 369,104	\$ 1,308,056	\$ 123,089	\$ 181,655,688

EVIDENCE ACTION, INC. AND AFFILIATES

**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions						
	Evidence Action U.S. and Branches	Evidence Action Uganda	Evidence Action Malawi	Evidence Action Nigeria	EAll Advisors India	Eliminations	Total
REVENUE AND SUPPORT							
Contributions and grants	\$ 24,290,539	\$ 3,583,301	\$ 3,900,140	\$ 2,398,959	\$ -	\$ (9,882,400)	\$ 24,290,539
Carbon revenue	1,647,305	-	-	-	-	-	1,647,305
Investment loss	(797,777)	-	-	-	-	-	(797,777)
Consulting income	-	-	-	-	5,226,424	(5,226,424)	-
Other revenue	177,430	-	-	-	3,336	-	180,766
Net assets released from donor restrictions	33,103,129	-	-	-	-	-	33,103,129
Total revenue and support	58,420,626	3,583,301	3,900,140	2,398,959	5,229,760	(15,108,824)	58,423,962
EXPENSES							
Program Services:							
Nutrition	12,869,125	14,109	3,768	2,168,206	4,646,325	(7,348,837)	12,352,696
Safe Water	11,501,473	3,381,203	3,893,852	-	-	(7,732,224)	11,044,304
Maternal Neonatal Child Health	1,162,531	-	-	35,419	-	(47,506)	1,150,444
New Program Development	1,482,000	1,568	1,826	8,484	221,195	(251,433)	1,463,640
Total program services	27,015,129	3,396,880	3,899,446	2,212,109	4,867,520	(15,380,000)	26,011,084
Supporting Services:							
Management and General	5,542,702	38,600	9,456	79,813	12,450	(79,026)	5,603,995
Fundraising	928,533	-	-	-	-	-	928,533
Total supporting services	6,471,235	38,600	9,456	79,813	12,450	(79,026)	6,532,528
Total expenses	33,486,364	3,435,480	3,908,902	2,291,922	4,879,970	(15,459,026)	32,543,612
Change in net assets before other items	24,934,262	147,821	(8,762)	107,037	349,790	350,202	25,880,350
OTHER ITEMS							
Deobligation and return of grant funds	-	-	-	-	-	-	-
Gain on foreign currency exchange	(3,854)	(720)	(10,379)	122,238	34,721	(135,339)	6,667
Total other items	(3,854)	(720)	(10,379)	122,238	34,721	(135,339)	6,667
Change in net assets	24,930,408	147,101	(19,141)	229,275	384,511	214,863	25,887,017
Net asset at beginning of year	19,492,919	(135,708)	46,867	(2,699)	156,093	425,868	19,983,340
NET ASSETS AT END OF YEAR	\$ 44,423,327	\$ 11,393	\$ 27,726	\$ 226,576	\$ 540,604	\$ 640,731	\$ 45,870,357

EVIDENCE ACTION, INC. AND AFFILIATES

**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	With Donor Restrictions								
	Evidence Action U.S. and Branches	Evidence Action Uganda	Evidence Action Malawi	Evidence Action Nigeria	EAI Advisors India	Eliminations	Total	Total	
REVENUE AND SUPPORT									
Contributions and grants	\$ 102,894,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,894,873	\$ 127,185,412	
Carbon revenue	-	-	-	-	-	-	-	1,647,305	
Investment loss	(727,472)	-	360	-	-	-	(727,112)	(1,524,889)	
Consulting income	-	-	-	-	-	-	-	-	
Other revenue	-	-	-	-	-	-	-	180,766	
Net assets released from donor restriction:	(33,103,129)	-	-	-	-	-	(33,103,129)	-	
Total revenue and support	69,064,272	-	360	-	-	-	69,064,632	127,488,594	
EXPENSES									
Program Services:									
Nutrition	-	-	-	-	-	-	-	12,352,696	
Safe Water	-	-	-	-	-	-	-	11,044,304	
Maternal Neonatal Child Health	-	-	-	-	-	-	-	1,150,444	
New Program Development	-	-	-	-	-	-	-	1,463,640	
Total program services	-	-	-	-	-	-	-	26,011,084	
Supporting Services:									
Management and General	-	-	-	-	-	-	-	5,603,995	
Fundraising	-	-	-	-	-	-	-	928,533	
Total supporting services	-	-	-	-	-	-	-	6,532,528	
Total expenses	-	-	-	-	-	-	-	32,543,612	
Change in net assets before other items	69,064,272	-	360	-	-	-	69,064,632	94,944,982	
OTHER ITEMS									
Deobligation and return of grant funds	(44,911)	-	-	-	-	-	(44,911)	(44,911)	
Gain on foreign currency exchange	-	-	-	-	-	-	-	6,667	
Total other items	(44,911)	-	-	-	-	-	(44,911)	(38,244)	
Change in net assets	69,019,361	-	360	-	-	-	69,019,721	94,906,738	
Net asset at beginning of year	63,563,611	-	273	-	-	-	63,563,884	83,547,224	
NET ASSETS AT END OF YEAR	\$ 132,582,972	\$ -	\$ 633	\$ -	\$ -	\$ -	\$ 132,583,605	\$ 178,453,962	