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# **COUNTERPART INTERNATIONAL, INC.**

**FINANCIAL AND FEDERAL AWARD  
COMPLIANCE EXAMINATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**COUNTERPART INTERNATIONAL, INC.**

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# **COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2024 AND 2023**

# COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Counterpart International, Inc. and Subsidiary  
Washington, D.C.

### **Opinion**

We have audited the accompanying consolidated financial statements of Counterpart International, Inc. and Subsidiary (together, "Counterpart"), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Counterpart as of September 30, 2024 and 2023, and the consolidated changes in its net assets and its consolidated 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Counterpart 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 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.

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 Counterpart'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.

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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 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, 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 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 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 Counterpart'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 Counterpart'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 Schedule of Counterpart International, Inc.'s Expenditures of Federal Awards on pages I-24 - 26, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The Schedules of Counterpart International, Inc.'s Sub-handling Rate Calculation and Indirect Cost Rate Calculation on pages I-29 and I-30, respectively, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The Schedule of Counterpart International, Inc.'s Functional Expenses for Indirect Cost Rate Calculation on page I-31 is 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2025, on our consideration of Counterpart's internal control over financial reporting and on our tests of its 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 Counterpart'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 Counterpart's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is cursive and fluid, with "Gelman" on the first line, "Rosenberg" on the second line, and "& Freedman" on the third line.

February 4, 2025

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2024 AND 2023

	ASSETS	
	2024	2023
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,011,465	\$ 9,784,087
Contributions and grants receivable	4,079,265	1,312,586
Federal contracts receivable	190,764	-
Undistributed commodities	3,919,969	3,781,532
Sub-recipient and other advances	517,264	643,255
Prepaid expenses and other assets	<u>669,984</u>	<u>736,388</u>
Total current assets	<u>11,388,711</u>	<u>16,257,848</u>
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	35,786	44,783
Furniture and fixtures	200,442	200,442
Software	<u>662,343</u>	<u>474,603</u>
Less: Accumulated depreciation and amortization	898,571	719,828
Net property and equipment	<u>(691,085)</u>	<u>(668,647)</u>
Net property and equipment	<u>207,486</u>	<u>51,181</u>
<b>NONCURRENT ASSETS</b>		
Deposits	87,988	87,756
Right-of-use asset, net	<u>8,279,103</u>	<u>8,782,783</u>
Total noncurrent assets	<u>8,367,091</u>	<u>8,870,539</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,963,288</u></b>	<b><u>\$ 25,179,568</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 500,000	\$ -
Accounts payable and accrued liabilities	4,651,348	3,754,923
Deferred revenue - commodities	3,919,969	3,781,532
Refundable advances	733,029	6,283,315
Sub-recipient payables	451,325	495,020
Operating lease liability	<u>427,606</u>	<u>389,586</u>
Total current liabilities	<u>10,683,277</u>	<u>14,704,376</u>
<b>NONCURRENT LIABILITIES</b>		
Operating lease liability, net of current portion	<u>8,209,490</u>	<u>8,637,096</u>
Total liabilities	<u>18,892,767</u>	<u>23,341,472</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	980,541	862,557
Board designated	<u>-</u>	<u>545,000</u>
Total net assets without donor restrictions	<u>980,541</u>	<u>1,407,557</u>
With donor restrictions	<u>89,980</u>	<u>430,539</u>
Total net assets	<u>1,070,521</u>	<u>1,838,096</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 19,963,288</u></b>	<b><u>\$ 25,179,568</u></b>

See accompanying notes to consolidated financial statements.

**COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Contributions and grants:			
U.S. Government	\$ 57,353,163	\$ -	\$ 57,353,163
Non-U.S. Government	1,029,358	-	1,029,358
Contracts	2,090,851	-	2,090,851
Investment income	5,389	493	5,882
Contributed nonfinancial assets	4,735,775	-	4,735,775
Other income	45,936	-	45,936
Net assets released from donor restrictions	<u>341,052</u>	<u>(341,052)</u>	<u>-</u>
Total revenue and support	<u>65,601,524</u>	<u>(340,559)</u>	<u>65,260,965</u>
<b>EXPENSES</b>			
Program Services:			
Democracy, Rights and Governance	26,601,482	-	26,601,482
Food Security	19,835,387	-	19,835,387
Peace and Security	3,112,384	-	3,112,384
Women's Leadership	683,022	-	683,022
Climate Resiliency	<u>252,755</u>	<u>-</u>	<u>252,755</u>
Total program services	<u>50,485,030</u>	<u>-</u>	<u>50,485,030</u>
Supporting Services:			
Management and General	15,503,788	-	15,503,788
Fundraising	<u>39,722</u>	<u>-</u>	<u>39,722</u>
Total supporting services	<u>15,543,510</u>	<u>-</u>	<u>15,543,510</u>
Total expenses	<u>66,028,540</u>	<u>-</u>	<u>66,028,540</u>
Changes in net assets	(427,016)	(340,559)	(767,575)
Net assets at beginning of year	<u>1,407,557</u>	<u>430,539</u>	<u>1,838,096</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 980,541</u></b>	<b><u>\$ 89,980</u></b>	<b><u>\$ 1,070,521</u></b>

COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions and grants:			
U.S. Government	\$ 43,676,240	\$ -	\$ 43,676,240
Non-U.S. Government	780,937	450,000	1,230,937
Contracts	1,729,061	-	1,729,061
Investment income	4,753	383	5,136
Contributed nonfinancial assets	4,941,915	-	4,941,915
Other revenue	42,530	-	42,530
Net assets released from donor restrictions	<u>491,236</u>	<u>(491,236)</u>	<u>-</u>
Total revenue and support	<u>51,666,672</u>	<u>(40,853)</u>	<u>51,625,819</u>
<b>EXPENSES</b>			
Program Services:			
Democracy, Rights and Governance	13,463,979	-	13,463,979
Food Security	22,813,382	-	22,813,382
Peace and Security	3,087,162	-	3,087,162
Women's Leadership	542,133	-	542,133
Climate Resiliency	<u>370,367</u>	<u>-</u>	<u>370,367</u>
Total program services	<u>40,277,023</u>	<u>-</u>	<u>40,277,023</u>
Supporting Services:			
Management and General	11,409,852	-	11,409,852
Fundraising	<u>257</u>	<u>-</u>	<u>257</u>
Total supporting services	<u>11,410,109</u>	<u>-</u>	<u>11,410,109</u>
Total expenses	<u>51,687,132</u>	<u>-</u>	<u>51,687,132</u>
Changes in net assets	(20,460)	(40,853)	(61,313)
Net assets at beginning of year	<u>1,428,017</u>	<u>471,392</u>	<u>1,899,409</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,407,557</u></b>	<b><u>\$ 430,539</u></b>	<b><u>\$ 1,838,096</u></b>

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Program Services					Supporting Services			Total Expenses
	Democracy, Rights and Governance	Food Security	Peace and Security	Women's Leadership	Climate Resiliency	Total Program Services	Management and General	Fundraising	
Personnel	\$ 10,789,860	\$ 6,162,634	\$ 1,567,722	\$ 311,790	\$ 144,198	\$ 18,976,204	\$ 10,117,797	\$ 12,317	\$ 10,130,114
Sub-partner	4,733,524	1,492,143	359,646	-	-	6,585,313	-	-	6,585,313
Grants	4,877,994	1,282,839	603,112	-	64,356	6,828,301	-	-	6,828,301
Travel	900,312	979,070	44,799	105,000	6,539	2,035,720	498,836	-	498,836
Training and workshops	1,850,207	609,236	83,130	44,237	9,179	2,595,989	17,169	-	17,169
Property and equipment	396,246	122,944	(32,141)	-	1,564	488,613	115,521	-	115,521
Professional services	1,683,364	966,289	232,541	181,993	10,270	3,074,457	2,195,168	22,548	2,217,716
Shipping transportation and handling	5,912	507,748	-	(9)	-	513,651	-	22	22
Rent and utilities	426,342	244,101	22,475	-	11,328	704,246	874,693	-	874,693
Office supplies	58,314	43,465	1,975	44	200	103,968	25,053	1,001	26,054
Conferences and meetings	35,708	14,315	304	31,022	256	81,605	140,307	-	140,307
Insurance	14,975	43,657	1,921	-	-	60,553	302,845	-	302,845
Printing and publications	27,878	116,256	1,282	471	58	145,945	13,375	482	13,857
IT and telecommunication expenses	227,883	139,661	24,806	4,860	542	397,752	664,191	3,352	667,543
Other expenses	417,554	752,920	200,812	3,614	4,265	1,379,165	538,833	-	538,833
Other project activities	110,164	1,667,579	-	-	-	1,777,743	-	-	1,777,743
Contributed nonfinancial assets	45,245	4,690,530	-	-	-	4,735,775	-	-	4,735,775
<b>TOTAL</b>	<b>\$ 26,601,482</b>	<b>\$ 19,835,387</b>	<b>\$ 3,112,384</b>	<b>\$ 683,022</b>	<b>\$ 252,755</b>	<b>\$ 50,485,030</b>	<b>\$ 15,503,788</b>	<b>\$ 39,722</b>	<b>\$ 15,543,510</b>
									<b>\$ 66,028,540</b>

See accompanying notes to consolidated financial statements.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Services					Supporting Services			Total Expenses
	Democracy, Rights and Governance	Food Security	Peace and Security	Women's Leadership	Climate Resiliency	Total Program Services	Management and General	Fundraising	
Personnel	\$ 6,448,226	\$ 6,185,873	\$ 1,432,684	\$ 205,585	\$ 161,035	\$ 14,433,403	\$ 7,188,471	\$ 257	\$ 7,188,728
Sub-partner	1,895,389	1,606,090	601,644	-	-	4,103,123	-	-	4,103,123
Grants	2,176,406	2,099,377	355,286	-	109,003	4,740,072	-	-	4,740,072
Travel	525,877	967,293	44,417	75,504	40,335	1,653,426	209,294	-	209,294
Training and workshops	660,248	1,165,233	272,352	40,855	27,395	2,166,083	16,275	-	16,275
Property and equipment	133,887	394,072	10,982	4,938	2,685	546,564	92,235	-	92,235
Professional services	855,306	1,395,756	176,497	168,778	16,060	2,612,397	1,709,231	-	1,709,231
Shipping transportation and handling	11,664	742,888	-	-	202	754,754	(6)	-	(6)
Rent and utilities	221,078	228,299	26,332	-	13,435	489,144	814,049	-	814,049
Office supplies	38,636	129,464	1,062	4,821	205	174,188	22,001	-	22,001
Conferences and meetings	16,604	27,786	288	12,649	695	58,022	53,768	-	53,768
Insurance	11,378	40,533	2,363	-	67	54,341	202,672	-	202,672
Printing and publications	15,827	293,575	279	6,134	441	316,256	6,916	-	6,916
IT and telecommunication expenses	129,304	151,285	28,625	12,255	1,282	322,751	407,261	-	407,261
Other expenses	139,200	1,173,088	134,351	10,164	(2,473)	1,454,330	687,685	-	687,685
Other project activities	116,328	1,339,476	-	450	-	1,456,254	-	-	-
Contributed nonfinancial assets	68,621	4,873,294	-	-	-	4,941,915	-	-	4,941,915
<b>TOTAL</b>	<b>\$ 13,463,979</b>	<b>\$ 22,813,382</b>	<b>\$ 3,087,162</b>	<b>\$ 542,133</b>	<b>\$ 370,367</b>	<b>\$ 40,277,023</b>	<b>\$ 11,409,852</b>	<b>\$ 257</b>	<b>\$ 11,410,109</b>
									<b>\$ 51,687,132</b>

See accompanying notes to consolidated financial statements.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (767,575)	\$ (61,313)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	31,434	19,812
Amortization of right-of-use asset	503,680	487,030
(Increase) decrease in:		
Contributions and grants receivable	(2,766,679)	(855,229)
Federal contracts receivable	(190,764)	-
Sub-recipient and other advances	125,991	137,287
Prepaid expenses and other assets	66,404	(386,493)
Deposits	(232)	46,511
Increase (decrease) in:		
Accounts payable and accrued liabilities	896,425	1,247,912
Deferred contract revenue	-	(100,000)
Refundable advances	(5,550,286)	(1,109,025)
Operating lease liability	(389,586)	(353,733)
Sub-recipient payables	<u>(43,695)</u>	<u>295,491</u>
Net cash used by operating activities	<u>(8,084,883)</u>	<u>(631,750)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(187,739)</u>	-
Net cash used by investing activities	<u>(187,739)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on line of credit	<u>500,000</u>	-
Net cash provided by financing activities	<u>500,000</u>	-
Net decrease in cash and cash equivalents	(7,772,622)	(631,750)
Cash and cash equivalents at beginning of year	<u>9,784,087</u>	<u>10,415,837</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,011,465</u></b>	<b><u>\$ 9,784,087</u></b>

**SUPPLEMENTAL INFORMATION**

<b>Change in Undistributed Commodities with a Commensurate Change in Deferred Revenue Commodities</b>	<b><u>\$ 138,437</u></b>	<b><u>\$ 1,407,051</u></b>
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## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Counterpart International, Inc. and Subsidiary consists of two entities: Counterpart International, Inc., EnviroVentures, Inc.

Counterpart International, Inc. (Counterpart International) was established in 1965 as a U.S.-based non-profit international development organization. Counterpart International's mission is to partner with local organizations - formal and informal - to build inclusive, sustainable communities in which their people thrive.

EnviroVentures, Inc. (EVI) was incorporated in 1996 as a wholly-owned for-profit subsidiary of Counterpart whose primary purpose was to build capacity of local environmental organizations in the Philippines (consistent with Counterpart International's exempt purpose). In 2012, Counterpart International's Board of Directors approved the close-down of EVI. There are no activities under EVI thereafter. However, as of the date of this report, the financial activities continue to be presented on a consolidated basis as EVI has yet to be legally dissolved under Philippine law.

In 2018, Plan International USA and Counterpart International entered into a program transfer agreement for transfer of the WomenLead Institute (WLI), effective January 2, 2019. WLI brings to Counterpart International more than 40 years of expertise in strengthening women's leadership, management, and technical competencies. WLI's core mission is to fuel greater representation and impact of women in leadership positions across all sectors and institutions, in the United States and in countries around the world.

For more than 55 years, Counterpart International has partnered with formal and informal local organizations and citizen leaders to build inclusive, sustainable communities in which people thrive. Counterpart International's programs are designed and implemented to help its partners grow their capabilities in ways that result in significant expansion of their reach, impact, and sustainability. In 2023, Counterpart International partnered with local organizations of all types around the world that have a similar vision of strong, vibrant communities. Counterpart's projects spanned the democracy, rights and governance, food security, health security, peace and security, and climate resiliency sectors.

##### Programs -

**Democracy, Rights, and Governance:** Delivery of fair and equitable citizen services requires government responsiveness and accountability, as well as resilient civil society organizations with the know-how to mobilize citizens and effectively engage with government to promote and sustain progress.

**Food Security:** Food security and agriculture programs help communities raise healthy, educated children, and support the country's journey to self-reliance. Early childhood health interventions, such as vitamin A distribution, sustainable infrastructures like community gardens, and market linkages to support sustainable livelihoods, all create a strong foundation for sustainable community growth.

**Peace and Security:** Civil society strengthening, community development, and good and transparent governance are critical to building states that deliver for their citizens and promote long-term peace. Local organizations working in partnership with governments helps build inclusive, resilient, and sustainable communities in which people thrive.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

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

Organization (continued) -

##### Programs (continued) -

**Women's Leadership:** Achieving a brighter future for all requires investing in women as leaders, role models and decision-makers. Training, capacity building, mentorship and networking enable women leaders of non-profit organizations and social enterprises brings a multiplier effect to their own organizations and to realize broader development goals.

**Climate Resiliency:** Development challenges around the world are complicated by the impacts of climate change. Mitigating the impacts of climate change through effective natural resource management can help combat poverty, while protecting the livelihoods of those living in coastal and inland communities.

Principles of consolidation -

The accounts of Counterpart International, Inc. have been consolidated with the accounts of EnviroVentures, Inc. (collectively, Counterpart) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. 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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

New accounting pronouncements adopted -

Accounting Standards 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.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

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

New accounting pronouncements adopted (continued) -

Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The adoption of ASU 2016-13 did not have a material impact on the consolidated financial statements and resulted primarily in enhanced disclosures.

Cash and cash equivalents -

Counterpart 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, Counterpart maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

At September 30, 2024 and 2023, Counterpart maintained \$617,768 and \$802,388, respectively, of cash and cash equivalents on hand and in financial institutions in foreign countries (in order to support its operations in those countries). These funds are subject to local deposit insurance regulations and may be uninsured.

Foreign currency translation -

The functional currency of Counterpart is the U.S. Dollar. The consolidated financial statements and transactions of Counterpart's local operations are generally maintained in the applicable foreign currency. When local currencies are used, assets and liabilities are translated into U.S. Dollars in the accompanying Consolidated Statements of Financial Position at the spot exchange rate in effect as of September 30, 2024 and 2023. Transactions in currencies other than U.S. Dollars are translated into Dollars at the rates of exchange in effect during the month of the transaction.

Losses resulting from transactional exchanges are recognized as program expenses (in the accompanying Consolidated Statements of Activities and Changes in Net Assets) and are allowable as direct costs per the U.S. Government; conversely, gains are recognized as a reduction of allowable program expenses.

Net gains from transactional exchanges totaled \$11,944 and \$2,523 during the years ended September 30, 2024 and 2023, respectively and are included in other expenses in the accompanying Consolidated Statements of Functional Expenses.

Contributions and grants receivable -

Contributions and grants receivable include unconditional promises to give that are expected to be collected in future years. Contributions and grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. Management considers all amounts due to be collectable within one year of the date of the Consolidated Statements of Financial Position. Accordingly, no discount has been calculated and no allowance for doubtful accounts has been established.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

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

##### Federal contracts receivable -

Federal contracts receivable consist of amounts due within one year related to work performed under federal contracts. Such amounts are recorded at their net realizable value which approximates fair value, and are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Management considers all amounts to be collectable within one year of the date of the Consolidated Statements of Financial Position, accordingly the allowance is \$0 as of September 30, 2024. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs.

##### Sub-recipient and other advances -

Advances primarily consist of amounts provided to partners and sub-grantees to execute project objectives within a three month period. Expenses incurred by partners and sub-grantees which are not reimbursed as of fiscal year-end are recorded as sub-recipient payables.

##### Property and equipment -

Property and equipment with unit cost in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized using the straight line method over the shorter of the remaining lease term or the useful life of the asset. The cost of maintenance and repairs is recorded as expenses are incurred.

On occasion, Counterpart purchases equipment for its overseas programs with funding received from the U.S. Government and other donors. Counterpart records these purchases as an expense in the period of acquisition and charges the expense against the grant which provided the funding. Under the terms of these agreements, title to equipment generally vests with Counterpart, but the donor retains a reversionary interest in the equipment from the point of acquisition through the disposition date (at the end of the award period). In most cases (and under the direction of the donor), Counterpart donates this equipment to local organizations at the end of the award period.

Depreciation and amortization expense for the years ended September 30, 2024 and 2023 totaled \$31,434 and \$19,812, respectively.

##### Income taxes -

Counterpart International is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Counterpart International is not a private foundation.

##### Support from contributions and grants including federal awards -

The majority of Counterpart's revenue is received through awards from agencies of the U.S. Government, international organizations, foundations, and other entities. Support from contributions and grants is recognized in the appropriate category of net assets in the period received.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

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

Support from contributions and grants including federal awards (continued) -

Counterpart performs an analysis of the individual awards to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed nonreciprocal or reciprocal in accordance with ASC Topic 958.

For awards qualifying under the contribution rules, support 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, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier and are recognized when conditions have been satisfied. Most federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. Counterpart's refundable advances totaled \$733,029 and \$6,283,315 as of September 30, 2024 and 2023, respectively.

In addition, Counterpart has obtained funding source agreements related to conditional contributions, which will be recognized in future years. Counterpart's unrecognized conditional totaled approximately \$60,000,000 and \$87,200,000 as of September 30, 2024 and 2023, respectively.

Contracts -

Contracts includes fixed-fee, cost-reimbursable, and time/materials agreements. Contracts are classified as exchange transactions, and revenue recognition follows ASU 2014-09, *Revenue from Contracts With Customers*, wherein revenue is recorded when the performance obligations under the contracts are met.

The revenue is recorded as "net assets without donor restrictions" at such time when deemed earned, and the transaction price is based on deliverables or milestones stipulated in the contract agreements. There was a total of \$190,764 due under contractual agreements as of September 30, 2024. There were no amounts due under contractual agreements as of September 30, 2023. Any amounts received in advance of the achievement of the performance obligations is recorded as deferred contract revenue. There was no deferred contract revenue as of September 30, 2024 and 2023.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted primarily of donated food commodities. Donated food commodities are recorded at their fair value as of the date of the gift. Income is recorded upon receipt, and expense is recorded when the goods are distributed for program use.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

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

Contributed nonfinancial assets (continued) -

While it is Counterpart's policy to distribute donated food commodities as promptly as possible, undistributed items are recorded as undistributed commodities (inventory) and deferred revenue. Costs associated with shipping and handling of commodities are recorded as shipping, transportation and handling expenses in the accompanying consolidated financial statements. In addition, volunteers have donated significant amounts of their time to Counterpart; these donated services are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

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 from those estimates.

Functional allocation of expenses -

The costs of implementing the various programs and supporting services 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 are reported as direct expenses within that functional area and expenses that benefit more than one functional area, such as personnel costs, were allocated based on estimated time and effort. Indirect costs of Counterpart International are charged to all awards per the approved basis of application in the Negotiated Indirect Cost Agreement with USAID.

Reclassification -

Money market funds which were classified as investments in the prior year's consolidated financial statements have been reclassified as cash and cash equivalents to conform to the current year's presentation.

#### 2. LINES OF CREDIT

Counterpart maintains two lines of credit with a local financial institution. The first line has a maximum borrowing limit of \$1,000,000, and the second line (established in fiscal year 2022) has a maximum borrowing limit of \$500,000. The lines of credit provide the lender a right of setoff in all of Counterpart's accounts with the financial institution. Interest accrues on any outstanding balances at a variable interest rate, which will be no lower than the Secured Overnight Financing Rate plus 200 basis points (actual rate of 6.96% and 7.31% at September 30, 2024 and 2023, respectively). As of September 30, 2024, outstanding borrowings on the lines of credit were \$500,000. There was no outstanding balance as of September 30, 2023.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

#### 3. BOARD DESIGNATED NET ASSETS

On February 5, 2019, Counterpart International, Inc.'s Board of Directors earmarked \$545,000 of its net assets without donor restrictions into a Board Designated Net Assets fund (the Fund). The general purpose of the Fund is to ensure Counterpart's long-term financial stability and position Counterpart to respond to business fluctuations and economic conditions that may impact its financial position. The Fund may only be used for expenses that cannot be covered by revenues and the resulting overhead budget. During the year ended September 30, 2024, the Board of Directors authorized the release of the fund to cover expenditures in excess of revenues and the operating budget.

#### 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Program services	\$ 55,030	\$ 396,082
Accumulated WLI endowment earnings	1,739	1,246
WLI scholarships	900	900
Endowment to be invested in perpetuity	<u>32,311</u>	<u>32,311</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ <u>89,980</u></b>	<b>\$ <u>430,539</u></b>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<b>Program Services</b>	<b>\$ <u>341,052</u></b>	<b>\$ <u>491,236</u></b>

#### 5. 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 as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,011,465	\$ 9,784,087
Contributions and grants receivable	4,079,265	1,312,586
Federal contracts receivable	<u>190,764</u>	-
Subtotal financial assets available within one year	6,281,494	11,096,673
Less: Board designated funds	-	(545,000)
Less: Funds subject to donor imposed purpose restrictions	(57,669)	(398,228)
Less: Endowment funds to be invested in perpetuity	<u>(32,311)</u>	<u>(32,311)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ <u>6,191,514</u></b>	<b>\$ <u>10,121,134</u></b>

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

#### 5. LIQUIDITY AND AVAILABILITY (Continued)

Counterpart closely monitors liquidity required to meet its operating needs and other financial commitments, while striving to comply with donor regulations and maximize the investment on available funds. Counterpart has standard cash management guidance for HQ and field operations. A large portion of Counterpart International's awards are received from agencies of the United States Government (as discussed in Note 9, "Concentration of Revenue").

Most of these Federal programs are financed through a letter of credit drawdown system; advances are received through the Department of Health and Human Services' Payment Management System and from the United States Department of Agriculture for implementation of activities under Federal awards.

Per the cash management guidance, Counterpart structures its financial assets at headquarters and its field offices to be available and liquid as its general expenditures, liabilities, and other obligations come due. Counterpart invests its available cash in short term investments, specifically interest-bearing checking accounts and money market funds.

To help manage unanticipated liquidity needs, Counterpart maintains a line of credit agreement (as previously discussed in Note 2) which allows for additional available borrowings up to \$1,500,000. In addition, Board Designated funds (as previously discussed in Note 3) can be drawn upon if the Board of Directors approves such action, as was done during the year ended September 30, 2024.

#### 6. CONTRIBUTED NONFINANCIAL ASSETS

During the years ended September 30, 2024 and 2023, Counterpart was the beneficiary of contributed nonfinancial assets which allowed Counterpart to provide greater resources toward various programs. Contributed nonfinancial assets are reported at their estimated fair market value as of the date of the gift. For donated food commodities, valuation is based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donors. Donated food commodities are not sold and are only distributed for program use. The values of donated services are estimated by the service providers, who estimate fair value based on the date, time, and market in which each service is rendered.

Such donated goods and services are donor restricted for support of Counterpart's Federal grant programs, and treated as conditional contributions. Accordingly, donated goods and services are simultaneously recognized and released from restriction, and therefore recorded as "without restrictions" in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

Following is a breakdown of the donations by donor type, and have been included in revenue and "Contributed nonfinancial assets" expense (Program Services) during the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Federal gifts in-kind - food commodities	\$ 4,690,530	\$ 4,873,294
Non-Federal gifts in-kind	<u>45,245</u>	<u>68,621</u>
<b>TOTAL CONTRIBUTED NONFINANCIAL ASSETS</b>	<b>\$ <u>4,735,775</u></b>	<b>\$ <u>4,941,915</u></b>

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

#### 7. LEASE COMMITMENTS

Counterpart follows FASB ASC 842 for leases. Counterpart has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. Counterpart has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

On October 6, 2021, Counterpart entered into a 180-month (15-year) lease for office space in Washington, D.C., commencing on January 1, 2022. The lease provided \$2,039,250 of landlord-funded tenant improvements. The lease also includes an annual lease escalation of 2.5% through the entire lease term.

Counterpart is also obligated under operating leases for overseas field office space. Overseas field office space leases expire on various dates, and are cancelable at the option of Counterpart. Accordingly, Counterpart has not recorded right-of-use assets and lease liabilities for such leases.

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

<u>Year Ending September 30,</u>	<u>HQ Office Space</u>
2025	\$ 807,611
2026	827,766
2027	848,430
2028	869,638
2029	891,390
Thereafter	<u>7,162,560</u>
Subtotal	11,407,395
Less: Imputed interest	<u>(2,770,299)</u>
	8,637,096
Less: Current portion	<u>(427,606)</u>
<b>LONG-TERM PORTION</b>	<b>\$ <u>8,209,490</u></b>

Lease expense (included in "Rent and utilities") for the years ended September 30, 2024 and 2023 totaled \$1,486,168 and \$1,220,323, respectively, and total cash paid was \$1,400,791 and \$1,176,101 for all operating leases. The discount rate used to calculate the lease liability for the HQ office lease was 4.50%.

#### 8. RETIREMENT PLAN

Counterpart provides retirement benefits to its employees through a defined contribution plan under Section 403(b) of the Internal Revenue Code. The Plan allows participants, subject to certain service requirements, to defer up to the Federal maximum for the calendar year.

Counterpart contributes six percent of the employee's base salary per pay period and Counterpart's contributions vest one year from the employee's start date. Contributions to the Plan during the years ended September 30, 2024 and 2023 were \$741,685 and \$488,305, respectively.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

#### 9. CONCENTRATION OF REVENUE

Approximately 98% and 97%, respectively of Counterpart's revenue and support during each of the years ended September 30, 2024 and 2023, was derived under awards (and contributed nonfinancial assets) received from agencies of the United States Government. Counterpart has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect Counterpart's ability to finance ongoing operations.

#### 10. CONTINGENCIES

##### U.S. Government funding -

Counterpart receives assistance from various agencies of the United States Government. Such awards are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The ultimate determination of amounts received under the Federal awards is based upon the allowance of direct and indirect costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2024. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

##### Foreign operations -

Counterpart furthers its programmatic purposes in numerous developing countries through its field offices in each of those countries. Counterpart also maintains cash accounts as well as other assets in several of those countries. The future results of those programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate. As of September 30, 2024 and 2023, Counterpart had cash, receivables, property/equipment and donated commodities in various countries in Africa, Latin America, Europe and Asia, totaling \$5,164,369 and \$5,365,099, respectively, which represents 26% and 21% of Counterpart's total assets as of September 30, 2024 and 2023.

#### 11. ENDOWMENT

Counterpart's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and thus classifies amounts in its donor-restricted endowment funds as "net assets with donor restrictions" because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to "net assets without donor restrictions."

The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

#### 11. ENDOWMENT (Continued)

As a result of this interpretation, when reviewing its donor-restricted endowment funds, Counterpart considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Counterpart has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, Counterpart considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of September 30, 2024:

	<u><b>With Donor Restrictions</b></u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 32,311
Accumulated investment earnings	<u>1,739</u>
<b>TOTAL ENDOWMENT FUNDS</b>	<b>\$ <u>34,050</u></b>

Changes in endowment net assets for the year ended September 30, 2024:

	<u><b>With Donor Restrictions</b></u>
Endowment net assets, beginning of year	\$ 33,557
Investment return, net	<u>493</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b>\$ <u>34,050</u></b>

Endowment net asset composition by type of fund as of September 30, 2023:

	<u><b>With Donor Restrictions</b></u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 32,311
Accumulated investment earnings	<u>1,246</u>
<b>TOTAL ENDOWMENT FUNDS</b>	<b>\$ <u>33,557</u></b>

Changes in endowment net assets for the year ended of September 30, 2023:

	<u><b>With Donor Restrictions</b></u>
Endowment net assets, beginning of year	\$ 33,174
Investment return, net	<u>383</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b>\$ <u>33,557</u></b>

## COUNTERPART INTERNATIONAL, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

#### 11. ENDOWMENT (Continued)

##### Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. As of September 30, 2024 and 2023, there were no deficiencies of this nature.

##### Return Objectives and Risk Parameters -

Counterpart has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are maintained in a separate money market account with Citibank to ensure protection of the funds and assume a moderate level of investment risk.

##### Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, Counterpart relies on a strategy in which investment returns are achieved through current yield (interest and dividends). Counterpart targets an asset allocation that places a greater emphasis on income-oriented investments to achieve its long-term return objectives within prudent risk constraints.

##### Spending Policy and How the Investment Objectives Relate to Spending Policy -

Counterpart has a policy of appropriating 100% of the endowment returns toward the purpose as stated in the original award.

#### 12. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Counterpart has evaluated events and transactions for potential recognition or disclosure through February 4, 2025, the date the consolidated financial statements were issued.

In January 2025, Counterpart received temporary suspension notices for their USAID program portfolio. This directive was issued as a result of the Presidential Executive Order entitled "Reevaluating and Realigning United States Foreign Aid" which was issued on January 20, 2025 and mandates a 90-day pause in United States foreign development assistance for assessment of programmatic efficiencies and consistency with United States foreign policy. Counterpart's USDA programs have not been issued suspension notices and work continues on those programs.

Counterpart is currently assessing the financial and operational impact of this event. Management does not anticipate any immediate effects on other programs or funding sources, however there is inherent uncertainty regarding the long-term implications of the foreign aid freeze. These consolidated financial statements do not reflect any adjustments related to this subsequent event.