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INNOVATIONS FOR POVERTY ACTION

FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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INNOVATIONS FOR POVERTY ACTION

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Independent Auditors' Report

To the Board of Directors
Innovations for Poverty Action
New Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of Innovations for Poverty Action, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An independent member of Baker Tilly International

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Innovations for Poverty Action as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note 2, during the year ended December 31, 2019, Innovations for Poverty Action adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2020 on our consideration of Innovations for Poverty Action's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Innovations for Poverty Action'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 Innovations for Poverty Action's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
June 24, 2020

INNOVATIONS FOR POVERTY ACTION

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 4,381,736	$ 6,243,928
Grants receivable, net	12,399,441	12,182,844
Contributions receivable, net	3,552,904	2,350,309
Other receivable	21,103	30,519
Prepaid expenses and other assets	1,554,079	1,603,711
Property and equipment, net	389,972	371,044
Total Assets	$ 22,299,235	$ 22,782,355
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 4,006,676	$ 4,569,602
Deferred revenue	15,109,741	16,072,373
Line of credit	500,000	900,000
Total liabilities	19,616,417	21,541,975
Net Assets		
Net assets without donor restrictions	(870,086)	(1,109,928)
Net assets with donor restrictions	3,552,904	2,350,308
Total net assets	2,682,818	1,240,380
Total Liabilities and Net Assets	$ 22,299,235	$ 22,782,355

The accompanying notes are an integral part of the financial statements

INNOVATIONS FOR POVERTY ACTION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenue and support:		
Grants and contracts	$ 38,630,866	$ 36,813,717
Contributions	2,490,221	2,331,035
Other income	14,094	8,333
Net assets released from restrictions	1,481,715	1,002,601
Total revenue and support	42,616,896	40,155,686
Expenses:		
Program services	32,850,856	32,389,622
Management and general	8,789,045	7,047,397
Fundraising	737,153	506,695
Total expenses	42,377,054	39,943,714
Increase in net assets without donor restrictions	239,842	211,972
Changes in Net Assets With Donor Restrictions		
Contributions	2,684,311	1,962,690
Net assets released from restrictions	(1,481,715)	(1,002,601)
Increase in net assets with donor restrictions	1,202,596	960,089
Increase in Net Assets	1,442,438	1,172,061
Net Assets - Beginning of Year	1,240,380	68,319
Net Assets - End of Year	$ 2,682,818	$ 1,240,380

The accompanying notes are an integral part of the financial statements

INNOVATIONS FOR POVERTY ACTION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	Total
Personnel expenses	$ 15,855,869	$ 6,454,168	$ 472,150	$ 22,782,187
Travel	4,598,741	275,438	12,630	4,886,809
Professional fees	2,864,041	716,221	8,315	3,588,577
Subgrants	3,125,510	20,782	-	3,146,292
Other operating expenses	1,587,467	34,121	38,352	1,659,940
Occupancy	1,044,224	301,506	56,792	1,402,522
Office expense	886,967	144,613	17,783	1,049,363
Computer/network	261,039	659,826	83,143	1,004,008
Conferences and trainings	808,413	39,344	42,860	890,617
Motor vehicle	697,536	3,207	-	700,743
Outside services	586,193	845	-	587,038
Program supplies	328,313	-	-	328,313
Insurance	181,281	50,180	5,128	236,589
Depreciation	25,144	36,683	-	61,827
Interest expense	118	52,111	-	52,229
Total Expenses	$ 32,850,856	$ 8,789,045	$ 737,153	$ 42,377,054

The accompanying notes are an integral part of the financial statements

INNOVATIONS FOR POVERTY ACTION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total
Personnel expenses	$ 16,290,041	$ 4,525,008	$ 340,411	$ 21,155,460
Travel	4,416,609	290,584	22,674	4,729,867
Professional fees	3,538,109	732,791	-	4,270,900
Subgrants	1,633,201	1,987	-	1,635,188
Occupancy	866,424	278,235	36,400	1,181,059
Other operating expenses	1,043,503	58,355	42,622	1,144,480
Computer/network	685,850	537,765	38,441	1,262,056
Office expense	636,229	122,513	7,909	766,651
Conferences and trainings	637,787	23,032	12,410	673,229
Motor vehicle	355,766	4,850	-	360,616
Outside services	1,554,738	4,033	-	1,558,771
Program supplies	542,110	950	-	543,060
Insurance	166,222	96,872	5,828	268,922
Interest expense	-	59,146	-	59,146
Bad debt and other unrecoverable costs	2,993	311,276	-	314,269
Depreciation	20,040	-	-	20,040
Total Expenses	$ 32,389,622	$ 7,047,397	$ 506,695	$ 39,943,714

The accompanying notes are an integral part of the financial statements

INNOVATIONS FOR POVERTY ACTION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Increase in net assets	$ 1,442,438	$ 1,172,061
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	61,827	20,040
Bad debt and other unrecoverable costs	-	314,269
(Increase) decrease in operating assets:		
Grants receivable, net	(216,597)	(2,395,347)
Contributions receivable, net	(1,202,595)	(797,661)
Other receivable	9,416	(10,807)
Prepaid expenses and other assets	49,632	(407,221)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(562,926)	271,651
Deferred revenue	(962,632)	2,180,291
Net cash provided by (used in) operating activities	(1,381,437)	347,276
Cash Flows from Investing Activities		
Purchases of property and equipment	(80,755)	(124,329)
Net cash used in investing activities	(80,755)	(124,329)
Cash Flows from Financing Activities		
Repayment on line of credit	(400,000)	(300,000)
Net cash used in financing activities	(400,000)	(300,000)
Net Decrease in Cash and Cash Equivalents	(1,862,192)	(77,053)
Cash and Cash Equivalents - Beginning of Year	6,243,928	6,320,981
Cash and Cash Equivalents - End of Year	$ 4,381,736	$ 6,243,928
Cash Paid During the Year for Interest	$ 52,228	$ 59,086

The accompanying notes are an integral part of the financial statements

NOTE 1 - ORGANIZATION

Activities

Innovations for Poverty Action (the Organization) is a research and policy nonprofit that discovers and promotes effective solutions to global poverty problems. The Organization brings together researchers and decision-makers to design, rigorously evaluate and refine these solutions and their applications, ensuring that the evidence created is used to improve the lives of the world's poor.

In recent decades, trillions of dollars have been spent on programs designed to reduce global poverty, but clear evidence on which programs succeed is rare, and when evidence does exist, decision-makers often do not know about it. The Organization exists to bring together leading researchers and these decision-makers to ensure that the evidence leads to tangible impact on the world. Since the Organization's founding in 2002, IPA has worked with over 575 leading academics to conduct over 700 evaluations in 51 countries. This research has informed hundreds of successful programs that now impact millions of individuals worldwide.

Accomplishments

In 2019, the Organization:

- Started over 60 new studies, and shared research findings and promoted the use of evidence through more than 70 events around the world.
- Saw its research contribute to evidence-informed policies, improving the lives of millions of people. Ghana's Ministry of Education agreed to scale an evidence-based pedagogy strategy—targeting instruction at the level of the child—to reach 10,000 schools, based in part on IPA's research and longstanding influence in the country's education sector; Mexico City's police department has begun a plan to scale an effective procedural justice training to all 80,000 of its officers based on results from an IPA study; and an NGO is scaling an intensive radio campaign shown by IPA research to increase contraceptive use to reach an estimated 11.2 million people in Burkina Faso.
- Launched new "embedded evidence labs" with education ministries in Rwanda, Zambia, and Ghana, and the Inspector General's office in Colombia. These labs involve either placing an IPA staffer in a government office or helping a Ministry create its own permanent evidence unit—or both.
- Launched new efforts to respond to a need for more rigorous evidence in several key areas: a Forced Displacement Initiative to generate rigorous evidence in an under-studied yet rapidly growing policy area, a Consolidation Research Initiative to consolidating research on promising ideas through field replications and extension projects, and a Research Methods Initiative to support systematic studies into how to improve the methods and measurement of key outcomes in global poverty research.
- Influenced global debates and communicated key research and policy findings to a global audience; its work was featured in many national and international media outlets that included NPR, Vox, The Economist, The New York Times, and PBS Newshour, among many others.
- Had results published in peer-reviewed academic journals including Child Development, the Journal of Research on Education Effectiveness, The Quarterly Journal of Economics, World Development, Lancet Global Health and many more.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendment clarifies guidance on how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018. Management has adopted ASU 2018-08 for the year ended December 31, 2019. The amendments have been applied using the modified prospective method.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which replaces numerous requirements in accordance with accounting principles generally accepted in the United States of America, including industry-specific requirements, and provides organizations with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2019. Management has early adopted ASU 2014-09 for the year ended December 31, 2019. The amendments have been applied using the modified retrospective method.

There was no cumulative effect of applying ASU 2018-08 or ASU 2014-09.

Basis of Accounting and Presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions
Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Net Assets With Donor Restrictions
Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less. The Organization maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Organization's deposits are not subject to significant credit risk.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of payments made in advance on insurance policies and service contracts. The expense is recognized pro-ratably over the contract term throughout the year.

Contributions, Including Government Grants and Contracts

In accordance with ASU 2018-08, certain governmental grants and contracts received by a not-for-profit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Organization. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Organization reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying statements of financial position.

Grants receivable are stated at the amount management ultimately expects to collect. Management maintains an allowance for doubtful accounts based on a review of specific accounts and general historical experience. Allowance for uncollectible grants as of December 31, 2019 and 2018 was approximately $1,684,000 and $1,493,000, respectively.

Conditional grants and contracts not recognized as revenue as of December 31, 2019 total $20,406,970. Certain grants, including governmental grants and contracts, are conditioned on incurring qualified program expenses.

Property and Equipment

Property and equipment acquisitions and improvements thereon that exceed $5,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives. Repairs and maintenance are charged to expense as incurred.

Revenue Recognition

The Organization recognizes revenue at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the Organization satisfies a performance obligation

See Note 3 for details on how the above five-step process is applied to the Organization's contracts with customers.

Contributed Services and Supplies

The Organization recognizes donated services at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs but do not meet the criteria for financial statement recognition. General volunteer services do not meet these criteria for recognition.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Personnel expenses, travel, professional fees, computer/network, occupancy, other operating expenses, office expense and insurance are allocated based on time and effort.

Income Taxes

The Organization is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code.

Foreign Currency Translation

The Organization uses the functional currency of their country offices. The Organization's reporting currency is the U.S. dollar. Assets and liabilities of the Organization's foreign operations are translated into U.S. dollars at year-end exchange rates. Revenue and expense accounts and cash flows are translated using an average of exchange rates in effect during the period. Exchange gains and losses from transactions denominated in a foreign currency are recognized as a component of support and revenue in current operations.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through June 24, 2020, which represents the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. The Organization progressively shut down offices and field work globally in line with regulatory restrictions imposed by relevant country, state or local authorities. The Organization will follow relevant regulatory guidance in resuming office and field activities. The Organization derives a significant portion of its revenues from program participation and other events and activities, some of which have been adapted to remote working, and the Organization continues to monitor its costs and staffing and adapt as it deems necessary. The Organization is unable to determine the impact the outbreak or future outbreaks may have on future operations.

The Organization received a loan of $1,497,500 pursuant to the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief and Economic Security (CARES) Act. Under the PPP loan program, the Organization may apply for forgiveness of all or a portion of the loan based on the amount of qualifying expenses incurred during a specified period subsequent to receipt of the funds. All or a portion of the loan may be forgivable with the remainder to be repaid in accordance with the terms of the note.

NOTE 3 - REVENUES FROM CONTRACTS WITH CUSTOMERS

The Organization enters into written contracts with funders to perform research to discover and promote effective solutions to global poverty problems. The payment terms and conditions vary by funder based on the individual contract. At contract inception, the Organization assesses the services promised in its contracts with the funder and identifies performance obligations for each promise to transfer to the customer a service that is distinct. To identify the performance obligations, the Organization considers all of the services promised in the contract regardless of whether they are explicitly stated or implied customary business practices. The Organization satisfies its performance obligations over time as services are provided.

The Organization receives payments over time as services are provided and costs are incurred. The Organization recognized revenue for contracts over time of $33,773,012 and $31,179,095 for the years ended December 31, 2019 and 2018, respectively.

The opening and closing balances of the Organization's contracts receivable, which are recognized within grants receivable on the statements of financial position, and deferred revenue are as follows:

	Contract Balances	
	Receivables	Deferred Revenue
Opening (January 1, 2018)	$ 7,653,921	$ 13,585,740
Closing (December 31, 2018)	9,394,826	15,958,350
Increase	1,740,905	2,372,610
Opening (January 1, 2019)	9,394,826	15,958,350
Closing (December 31, 2019)	9,766,117	14,907,780
Increase (Decrease)	371,291	(1,050,570)

The balance of deferred revenue at December 31, 2019 will be recognized as revenue during the period services are rendered. The Organization applies the practical expedient 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2019 and 2018 are expected to be collected as follows:

	2019	2018
Receivable in less than one year	$ 2,918,721	$ 2,001,516
Receivable in one to five years	660,000	366,500
Total contributions receivable	3,578,721	2,368,016
Less discount to present value	25,817	17,707
Net Contributions Receivable	$ 3,552,904	$ 2,350,309

Contributions receivable in more than one year are discounted at 2.00% and 2.50% as of December 31, 2019 and 2018, respectively.

An allowance for uncollectible contributions receivable was not deemed necessary for the years ended December 31, 2019 and 2018.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2019 and 2018:

	2019	2018
Leasehold improvements	$ 337,335	$ 337,335
Computer equipment	673,146	288,121
Vehicles	259,654	259,654
Other equipment	61,043	61,043
Software in progress	22,396	333,659
	1,353,574	1,279,812
Less accumulated depreciation	963,602	908,768
Net Property and Equipment	$ 389,972	$ 371,044

Depreciation expense was $61,827 and $20,040 for the years ended December 31, 2019 and 2018, respectively.

Software in progress as of December 31, 2018 relates to the implementation of a new financial reporting software package. The financial reporting software package was placed in service in fiscal year 2019. The software in progress as of December 31, 2019 pertains to a Salesforce integration package and human resources software that is expected to be placed in service during the 2020 fiscal year.

NOTE 6 - LINE OF CREDIT

The Organization has a line of credit with Citibank in the amount of $1,200,000 with interest at the Prime rate, which was 4.75% and 5.50% at December 31, 2019 and 2018, respectively. The line of credit is collateralized by substantially all of the Organization's assets.

The outstanding balance on the line of credit was $500,000 and $900,000 as of December 31, 2019 and 2018, respectively.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2019	2018
Cash and cash equivalents	$ 4,381,736	$ 6,243,928
Grants receivable, net	12,399,441	12,182,844
Contributions receivable, due in one year	2,918,721	2,001,516
Other receivables	21,103	30,519
	19,721,001	20,458,807
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(3,552,904)	(2,350,308)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 16,168,097	$ 18,108,499

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. As noted in Note 6, the Organization has a line of credit in the amount of $1,200,000 and it could draw up to $700,000 and $300,000 as of December 31, 2019 and 2018 should the need arise. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions that are due over time. Net assets with donor restrictions due in future periods as of December 31, 2019 and 2018 were $3,552,904 and $2,350,309, respectively. Net assets in the amount of $1,481,715 and $1,002,601 were released from restriction during the years ended December 31, 2019 and 2018, respectively, by satisfying the corresponding time restrictions.

NOTE 9 - OPERATING LEASES

The Organization has entered into multiple operating lease agreements for its headquarters that expire at various dates through December 2020. The original leases have been amended multiple times to incorporate additional office space. The Organization also leases office space in various domestic and foreign locations, some on a month-to-month basis and others under leases expiring through February 2022. Total rental expenses for the years ended December 31, 2019 and 2018 amounted to approximately $986,000 and $758,000, respectively, of which approximately $493,000 and $418,000, respectively, related to foreign operations.

Estimated future minimum lease payments are as follows:

Year Ending December 31		
2020	$	558,448
2021		124,529
2022		320
	$	683,297

NOTE 10 - CONTINGENCIES

The Organization has received grants and contracts for specific purposes that are subject to review, audit and adjustment by the grantors. Such audits could lead to requests for reimbursements to such donors for any expenditures or claims disallowed under the terms of the agreements. Based on prior experience, management believes such disallowances, if any, will not be material to the financial statements.

In connection with its mission, the Organization maintains facilities outside the United States in 19 countries. Compliance with laws and regulations within each of these countries is subject to review by the corresponding governmental agencies. Management has identified potential tax liabilities related to doing business in various foreign countries and has hired experts for assistance. For countries where estimates are determinable, liabilities have been recognized as of December 31, 2019 and 2018. A liability has not been recognized for countries where management is unable to make a reasonable estimate as of December 31, 2019 and 2018.

NOTE 11 - EMPLOYEE BENEFITS

The Organization maintains a defined contribution plan in which all of the Organization’s employees are automatically enrolled once they have met certain eligibility requirements.

Employees are eligible for a matching contribution from the Organization of up to 3% of salary, which will vest immediately after 90 days. Contribution expense recognized by the Organization was $445,482 and $365,202 for the years ended December 31, 2019 and 2018, respectively.

NOTE 12 - FOREIGN OPERATIONS

As of December 31, 2019 and 2018, assets in other countries, including cash, totaled $931,001 and $1,872,655, property and equipment, net of accumulated depreciation, amounted to $25,269 and $37,385 and liabilities in other countries were $12,227,346 and $3,688,740, respectively. Total overseas support and revenue received from foreign sources amounted to $8,731,434 and $9,227,996 for the years ended December 31, 2019 and 2018, respectively. Account balances relating to foreign operations are reflected in the financial statements in U.S. dollars.