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INNOVATIONS FOR POVERTY ACTION

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, 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.

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, 2017 and 2016, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 27, 2018 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
July 27, 2018

INNOVATIONS FOR POVERTY ACTION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 6,320,981 | \$ 5,916,822 |
| Grants receivable, net | 10,101,766 | 13,608,406 |
| Contributions receivable, net | 1,552,648 | 2,567,055 |
| Other receivable | 19,712 | 9,228 |
| Prepaid expenses and other assets | 1,196,490 | 437,626 |
| Property and equipment, net | <u>266,755</u> | <u>90,190</u> |
| Total Assets | <u>\$ 19,458,352</u> | <u>\$ 22,629,327</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 4,297,951 | \$ 5,127,319 |
| Deferred revenue | 13,892,082 | 20,418,872 |
| Line of credit | <u>1,200,000</u> | <u>1,200,000</u> |
| Total liabilities | <u>19,390,033</u> | <u>26,746,191</u> |
| Net Assets | | |
| Unrestricted | (1,321,900) | (6,138,668) |
| Temporarily restricted | <u>1,390,219</u> | <u>2,021,804</u> |
| Total net assets | <u>68,319</u> | <u>(4,116,864)</u> |
| Total Liabilities and Net Assets | <u>\$ 19,458,352</u> | <u>\$ 22,629,327</u> |

The accompanying notes are an integral part of the financial statements

INNOVATIONS FOR POVERTY ACTION

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|--|--------------------|-----------------------|
| Changes in Unrestricted Net Assets | | |
| Revenue and support: | | |
| Grants and contracts | \$ 37,017,025 | \$ 43,931,255 |
| Contributions | 5,140,470 | 3,706,867 |
| Other income | 5,541 | 14,470 |
| Net assets released from restrictions | 988,000 | 75,000 |
| Total revenue and support | <u>43,151,036</u> | <u>47,727,592</u> |
| Expenses: | | |
| Program services | 31,278,956 | 37,620,029 |
| Management and general | 6,601,308 | 7,090,842 |
| Fundraising | 454,004 | 242,824 |
| Total expenses | <u>38,334,268</u> | <u>44,953,695</u> |
| Increase in unrestricted net assets | <u>4,816,768</u> | <u>2,773,897</u> |
| Changes in Temporarily Restricted Net Assets | | |
| Contributions | 356,415 | 1,971,804 |
| Net assets released from restrictions | <u>(988,000)</u> | <u>(75,000)</u> |
| Increase (decrease) in temporarily restricted net assets | <u>(631,585)</u> | <u>1,896,804</u> |
| Increase in Net Assets | 4,185,183 | 4,670,701 |
| Net Assets - Beginning of Year | <u>(4,116,864)</u> | <u>(8,787,565)</u> |
| Net Assets - End of Year | <u>\$ 68,319</u> | <u>\$ (4,116,864)</u> |

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, 2017

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---------------------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------|
| Personnel expenses | \$ 15,166,825 | \$ 4,359,920 | \$ 292,936 | \$ 19,819,681 |
| Travel | 3,313,227 | 197,016 | 21,629 | 3,531,872 |
| Subgrants | 3,178,552 | - | - | 3,178,552 |
| Professional fees | 2,632,039 | 526,487 | - | 3,158,526 |
| Program supplies | 1,410,503 | 18 | - | 1,410,521 |
| Other operating expenses | 1,046,659 | 255,723 | 69,874 | 1,372,256 |
| Computer/network | 865,568 | 299,806 | 22,208 | 1,187,582 |
| Occupancy | 860,540 | 184,927 | 22,944 | 1,068,411 |
| Outside services | 862,538 | 637 | 38 | 863,213 |
| Office expense | 681,405 | 133,032 | 8,762 | 823,199 |
| Conferences and trainings | 565,077 | 42,791 | 6,595 | 614,463 |
| Motor vehicle | 580,040 | 1,138 | - | 581,178 |
| Bad debt | 669 | 400,000 | - | 400,669 |
| Insurance | 98,264 | 105,067 | 6,322 | 209,653 |
| Depreciation | 17,033 | 44,816 | 2,696 | 64,545 |
| Interest expense | 17 | 49,930 | - | 49,947 |
| Total Expenses | \$ <u>31,278,956</u> | \$ <u>6,601,308</u> | \$ <u>454,004</u> | \$ <u>38,334,268</u> |

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, 2016

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---------------------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------|
| Personnel expenses | \$ 17,047,113 | \$ 4,090,542 | \$ 189,431 | \$ 21,327,086 |
| Travel | 5,753,606 | 149,600 | 9,697 | 5,912,903 |
| Subgrants | 3,797,287 | 159 | - | 3,797,446 |
| Professional fees | 2,291,781 | 1,210,953 | - | 3,502,734 |
| Other operating expenses | 1,422,248 | 498,583 | 24,034 | 1,944,865 |
| Program supplies | 1,933,754 | 525 | - | 1,934,279 |
| Outside services | 1,347,601 | 1,917 | - | 1,349,518 |
| Computer/network | 702,034 | 566,571 | 1,329 | 1,269,934 |
| Office expense | 910,174 | 140,361 | 175 | 1,050,710 |
| Occupancy | 780,685 | 183,344 | 8,006 | 972,035 |
| Motor vehicle | 799,661 | 3,634 | - | 803,295 |
| Conferences and trainings | 625,228 | 22,535 | 1,452 | 649,215 |
| Insurance | 191,441 | 65,882 | 8,700 | 266,023 |
| Bad debt | 9,229 | 65,000 | - | 74,229 |
| Depreciation | 8,187 | 56,387 | - | 64,574 |
| Interest expense | - | 34,849 | - | 34,849 |
| Total Expenses | \$ <u>37,620,029</u> | \$ <u>7,090,842</u> | \$ <u>242,824</u> | \$ <u>44,953,695</u> |

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, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Increase in net assets | \$ 4,185,183 | \$ 4,670,701 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 64,545 | 64,574 |
| Bad debt | 400,669 | 74,229 |
| (Increase) decrease in operating assets: | | |
| Grants receivable, net | 3,105,971 | 652,736 |
| Contributions receivable, net | 1,014,407 | (2,297,861) |
| Other receivable | (10,484) | 73,714 |
| Prepaid expenses and other assets | (758,864) | (68,487) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | (829,368) | 1,214,932 |
| Deferred revenue | (6,526,790) | (2,227,158) |
| Net cash provided by operating activities | <u>645,269</u> | <u>2,157,380</u> |
| Cash Flows from Investing Activities | | |
| Purchases of property and equipment | (241,110) | (14,055) |
| Net cash used in investing activities | <u>(241,110)</u> | <u>(14,055)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from line of credit | - | 350,000 |
| Net cash provided by financing activities | <u>-</u> | <u>350,000</u> |
| Net Increase in Cash and Cash Equivalents | 404,159 | 2,493,325 |
| Cash and Cash Equivalents - Beginning of Year | <u>5,916,822</u> | <u>3,423,497</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 6,320,981</u> | <u>\$ 5,916,822</u> |
| Cash Paid During the Year for Interest | \$ 49,947 | \$ 34,849 |

The accompanying notes are an integral part of the financial statements

INNOVATIONS FOR POVERTY ACTION

NOTES TO 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, they have 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 2017, the Organization:

- Started 70 new studies, and shared research findings and promoted the use of evidence through more than 85 events around the world.
- Saw its research contribute to decisions to scale several evidence-based programs. Examples include the government of Paraguay scaling up an interactive numeracy program for young children; the social enterprise Fundación Capital scaling up an initiative to 500,000 people in five countries; and Village Enterprise is now able to scale up its integrated microenterprise program while ensuring quality of implementation at scale in rural East Africa.
- Collaborated with governments to convene researchers and decision-makers, including an evidence summit co-hosted with the Ministry of Education in Ghana and a policy forum on health, water, and sanitation evidence co-hosted with the Government of Kenya's Vision 2030 initiative.
- Expanded the scope of its research by opening a new office in Mexico, launching an Intimate Partner Violence Initiative to identify solutions for this pervasive global problem, and starting a research fund for its Peace & Recovery program to generate evidence on ways to reduce violence and fragility and promote peace.
- Had its work covered in media outlets with a global reach, with multiple features in *The New York Times*, as well as coverage in NPR, *Vox*, *The Economist* and the *Financial Times*, among others.
- Had results published in peer-reviewed academic journals including *Science*, the *American Economic Review* and *Health Affairs*.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Unrestricted Net Assets

Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure.

Permanently Restricted Net Assets

Permanently restricted net assets represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Organization to expend the income earned thereon. There are no permanently restricted net assets at December 31, 2017 and 2016.

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. As of December 31, 2017, prepaid expenses and other assets includes a one-time prepayment made on a service contract associated with the implementation of a new financial reporting software.

Grants and Contracts

Other than certain awards to fund capital expenditures, governmental grants and contracts are generally considered to be exchange transactions rather than contributions. Revenue from cost-reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance-based grants and contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

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, 2017 and 2016, was approximately \$1,571,000 and \$961,000 respectively.

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.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. The Organization reports nongovernmental contributions and grants of cash and other assets as temporarily 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

In-Kind Contributions and 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.

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donated professional services, software and advertising that were valued by the individuals providing the services at \$391,837 and \$190,767 during the years ended December 31, 2017 and 2016, respectively. This amount is included in contribution revenue and program service expense on the statements of activities.

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.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through July 27, 2018, which represents the date the financial statements were available to be issued.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2017 and 2016, are expected to be collected as follows:

| | <u>2017</u> | <u>2016</u> |
|----------------------------------|---------------------|---------------------|
| Receivable in less than one year | \$ 827,469 | \$ 1,353,251 |
| Receivable in one to five years | 766,000 | 1,265,000 |
| Total contributions receivable | <u>1,593,469</u> | <u>2,618,251</u> |
| Less discount to present value | <u>40,821</u> | <u>51,196</u> |
| Net Contributions Receivable | <u>\$ 1,552,648</u> | <u>\$ 2,567,055</u> |

Contributions receivable in more than one year are discounted at 2.50% and 1.75% as of December 31, 2017 and 2016, respectively.

An allowance for uncollectible contributions receivable was not deemed necessary for the years ended December 31, 2017 and 2016.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|-------------------|------------------|
| Leasehold improvements | \$ 337,335 | \$ 337,335 |
| Computer equipment | 288,119 | 256,352 |
| Vehicles | 259,654 | 259,654 |
| Other equipment | 61,043 | 61,043 |
| Construction in process | <u>209,344</u> | <u>-</u> |
| | 1,155,495 | 914,384 |
| Less accumulated depreciation | <u>888,740</u> | <u>824,194</u> |
| Net Property and Equipment | <u>\$ 266,755</u> | <u>\$ 90,190</u> |

Depreciation expense was \$64,545 and \$64,574 the years ended December 31, 2017 and 2016, respectively.

Construction in process as of December 31, 2017 relates to the implementation of a new financial reporting software package. It is expected that the software will be placed in service in 2018.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LINE OF CREDIT

The Organization has a line of credit with Citibank in the amount of \$1,250,000. The interest rate on the line of credit is Prime, which was 4.50% and 3.25% at December 31, 2017 and 2016, respectively. The line of credit is collateralized by substantially all of the Organization's assets.

The outstanding balance on the line of credit was \$1,200,000 as of December 31, 2017 and 2016.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions that are due over time. Temporarily restricted net assets due in future periods as of December 31, 2017 and 2016, were \$1,390,219 and \$2,021,804, respectively. Net assets in the amount of \$988,000 and \$75,000 were released from restriction during each of the years ended December 31, 2017 and 2016, by satisfying the corresponding time restrictions.

NOTE 7 - OPERATING LEASES

The Organization has entered into multiple operating lease agreements for its headquarters that expire at various dates through December 2018. 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, 2017 and 2016, amounted to approximately \$791,000 and \$719,000, respectively, of which approximately \$433,000 and \$463,000 related to foreign operations.

Estimated future minimum lease payments are as follows:

Year Ending December 31

| | | |
|------|----|----------------|
| 2018 | \$ | 602,085 |
| 2019 | | 227,880 |
| 2020 | | 136,688 |
| 2021 | | 4,690 |
| 2022 | | <u>320</u> |
| | \$ | <u>971,663</u> |

NOTE 8 - 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.

INNOVATIONS FOR POVERTY ACTION

NOTES TO FINANCIAL STATEMENTS

In connection with its mission, the Organization maintains facilities outside the United States in 18 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, 2017 and 2016. A liability has not been recognized for countries where management is unable to make a reasonable estimate as of December 31, 2017 and 2016.

NOTE 9 - 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 \$323,135 and \$269,553 for the years ended December 31, 2017 and 2016, respectively.

NOTE 10 - FOREIGN OPERATIONS

As of December 31, 2017 and 2016, assets in other countries, including cash, totaled \$975,883 and \$994,926, property and equipment, net of accumulated depreciation, amounted to \$57,411 and \$42,676 and liabilities in other countries were \$2,996,313 and \$1,209,660, respectively. Total overseas support and revenue received from foreign sources amounted to \$8,545,570 and \$7,660,779 for the years ended December 31, 2017 and 2016, respectively. Account balances relating to foreign operations are reflected in the financial statements in United States dollars.

NOTE 11 - FUTURE OPERATIONS

As a result of a significant decrease in net assets sustained during the year ended December 31, 2015, management developed a formal action plan that refocused their activities with the overall goal of strategic and sustainable growth. While immediate action was necessary to manage cash flow through increased contributions and increased indirect cost recovery, the action plan involved changes to occur through 2019. Highlights of this plan included immediate management of cash flow through accelerating invoicing through earlier month-end closes, reducing overhead and country office expenditures, and increased fundraising and collection efforts. Other key factors in this plan included streamlining operations to focus on full recovery of project and country office costs, building robust systems of controls and compliance with real time accounting, which included strengthening the monitoring of compliance with laws and regulations, generating new products and business models with activities that utilize the existing infrastructure and perform a five-year fundraising campaign with a focus on rebuilding the net assets of the Organization. While management eliminated the total net asset deficit as of December 31, 2017, with support from the Board of Directors and strict adherence to the above plan, management believes they can reverse the current unrestricted net asset deficit by the end of 2018.