

# **Pathfinder International and Subsidiaries**

Consolidated Financial Report  
June 30, 2025 and 2024

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## Independent Auditor's Report

Board of Directors  
Pathfinder International

### Opinion

We have audited the consolidated financial statements of Pathfinder International and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

*RSM US LLP*

Boston, Massachusetts  
March 31, 2026

**Pathfinder International and Subsidiaries**

**Consolidated Statements of Financial Position  
June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
Cash and cash equivalents—domestic	\$ 10,643,322	\$ 5,387,378
Cash and cash equivalents—international	2,900,350	3,820,851
Restricted cash	4,615,909	15,434,437
Contributions receivable, net	1,444,860	1,524,656
Grants receivable, net	11,660,214	18,687,395
Other receivables, advances and deposits	1,291,338	5,821,264
Prepaid expenses	793,009	1,505,545
Investments	30,262,032	31,022,990
Beneficial interest in trust	627,185	673,378
Property and equipment, net	186,649	123,034
Right-of-use operating lease assets, net	3,829,589	5,134,595
	<u>3,829,589</u>	<u>5,134,595</u>
<b>Total assets</b>	<b>\$ 68,254,457</b>	<b>\$ 89,135,523</b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 1,283,308	\$ 777,812
Accrued expenses	7,337,931	10,125,666
Grants and contracts advances	17,731,666	32,088,103
Lease liabilities, net	4,475,356	5,797,277
Annuities payable	132,535	136,776
	<u>132,535</u>	<u>136,776</u>
<b>Total liabilities</b>	<b>30,960,796</b>	<b>48,925,634</b>
Net assets:		
Without donor restrictions	13,346,983	16,127,210
With donor restrictions	23,946,678	24,082,679
	<u>23,946,678</u>	<u>24,082,679</u>
<b>Total net assets</b>	<b>37,293,661</b>	<b>40,209,889</b>
	<u>37,293,661</u>	<u>40,209,889</u>
<b>Total liabilities and net assets</b>	<b>\$ 68,254,457</b>	<b>\$ 89,135,523</b>
	<u>\$ 68,254,457</u>	<u>\$ 89,135,523</u>

See notes to consolidated financial statements.

**Pathfinder International and Subsidiaries**

**Consolidated Statement of Activities**  
**Year Ended June 30, 2025**  
**(With Comparative Summarized Totals for 2024)**

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, gains and other support:				
Grants and contracts	\$ 99,969,391	\$ 6,601	\$ 99,975,992	\$ 112,394,175
Contributions	3,432,284	14,669	3,446,953	6,666,428
Contributed services	7,111	-	7,111	9,169
Investment return appropriated for operations	1,043,029	-	1,043,029	739,697
Other income	416,218	-	416,218	240,709
Net assets released from restrictions	1,739,889	(1,739,889)	-	-
<b>Total revenue, gains and other support</b>	<b>106,607,922</b>	<b>(1,718,619)</b>	<b>104,889,303</b>	<b>120,050,178</b>
Expenses:				
Program services:				
Non-government supported programs	34,166,393	-	34,166,393	30,775,361
U.S. government supported programs	38,436,004	-	38,436,004	57,777,218
Foreign government and multilateral supported programs	10,455,864	-	10,455,864	7,316,764
Other program services	8,981,740	-	8,981,740	10,174,939
Public information	1,856,910	-	1,856,910	2,305,654
<b>Total program services</b>	<b>93,896,911</b>	<b>-</b>	<b>93,896,911</b>	<b>108,349,936</b>
Supporting services:				
Management and general	14,563,292	-	14,563,292	13,405,821
Fundraising	1,747,711	-	1,747,711	1,590,259
<b>Total supporting services</b>	<b>16,311,003</b>	<b>-</b>	<b>16,311,003</b>	<b>14,996,080</b>
<b>Total expenses</b>	<b>110,207,914</b>	<b>-</b>	<b>110,207,914</b>	<b>123,346,016</b>
<b>Operating deficit</b>	<b>(3,599,992)</b>	<b>(1,718,619)</b>	<b>(5,318,611)</b>	<b>(3,295,838)</b>
Non-operating gains:				
Investment return, net of amounts appropriated for operations	795,521	1,578,810	2,374,331	3,577,085
Change in value of beneficial interest in trust	-	3,808	3,808	2,885
Change in value of annuities payable	24,244	-	24,244	27,223
<b>Total non-operating gains</b>	<b>819,765</b>	<b>1,582,618</b>	<b>2,402,383</b>	<b>3,607,193</b>
<b>Change in net assets</b>	<b>(2,780,227)</b>	<b>(136,001)</b>	<b>(2,916,228)</b>	<b>311,355</b>
Net assets, beginning of year	16,127,210	24,082,679	40,209,889	39,898,534
Net assets, end of year	<b>\$ 13,346,983</b>	<b>\$ 23,946,678</b>	<b>\$ 37,293,661</b>	<b>\$ 40,209,889</b>

See notes to consolidated financial statements.

## Pathfinder International and Subsidiaries

### Consolidated Statement of Activities Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Grants and contracts	\$ 110,386,300	\$ 2,007,875	\$ 112,394,175
Contributions	5,825,266	841,162	6,666,428
Contributed services	9,169	-	9,169
Investment return appropriated for operations	739,697	-	739,697
Other income	240,709	-	240,709
Net assets released from restrictions	7,172,115	(7,172,115)	-
<b>Total revenue, gains and other support</b>	<b>124,373,256</b>	<b>(4,323,078)</b>	<b>120,050,178</b>
Expenses:			
Program services:			
Non-government supported programs	30,775,361	-	30,775,361
U.S. government supported programs	57,777,218	-	57,777,218
Foreign government and multilateral supported programs	7,316,764	-	7,316,764
Other program services	10,174,939	-	10,174,939
Public information	2,305,654	-	2,305,654
<b>Total program services</b>	<b>108,349,936</b>	<b>-</b>	<b>108,349,936</b>
Supporting services:			
Management and general	13,405,821	-	13,405,821
Fundraising	1,590,259	-	1,590,259
<b>Total supporting services</b>	<b>14,996,080</b>	<b>-</b>	<b>14,996,080</b>
<b>Total expenses</b>	<b>123,346,016</b>	<b>-</b>	<b>123,346,016</b>
<b>Operating surplus (deficit)</b>	<b>1,027,240</b>	<b>(4,323,078)</b>	<b>(3,295,838)</b>
Non-operating gains:			
Investment return, net of amounts appropriated for operations	1,365,878	2,211,207	3,577,085
Change in value of beneficial interest in trust	-	2,885	2,885
Change in value of annuities payable	27,223	-	27,223
<b>Total non-operating gains</b>	<b>1,393,101</b>	<b>2,214,092</b>	<b>3,607,193</b>
<b>Change in net assets</b>	<b>2,420,341</b>	<b>(2,108,986)</b>	<b>311,355</b>
Net assets, beginning of year	13,706,869	26,191,665	39,898,534
Net assets, end of year	\$ 16,127,210	\$ 24,082,679	\$ 40,209,889

See notes to consolidated financial statements.

**Pathfinder International and Subsidiaries**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2025  
(With Comparative Summarized Totals for 2024)**

	2025					2024 Total Expenses
	Program Services	Supporting Services			Total Expenses	
Management and General		Fundraising	Supporting Services Totals			
Subgrants and subcontracts	\$ 13,389,247	\$ -	\$ -	\$ -	\$ 13,389,247	\$ 16,734,321
Employee compensation:						
Salaries	23,415,720	4,900,622	658,380	5,559,002	28,974,722	35,419,853
Employee benefits and payroll taxes	11,082,186	4,894,875	447,396	5,342,271	16,424,457	16,416,162
<b>Total employee compensation</b>	<b>34,497,906</b>	<b>9,795,497</b>	<b>1,105,776</b>	<b>10,901,273</b>	<b>45,399,179</b>	<b>51,836,015</b>
Audit and accounting fees	86,054	330,717	-	330,717	416,771	215,008
Consultant fees	2,077,158	591,009	142,278	733,287	2,810,445	6,756,694
Other professional fees	10,893,875	1,510,973	429,920	1,940,893	12,834,768	8,776,625
Travel and subsistence	3,035,211	366,176	15,679	381,855	3,417,066	5,525,779
Participant training	17,773,029	20,742	-	20,742	17,793,771	18,571,494
Supplies and equipment	6,504,555	44,471	34	44,505	6,549,060	7,797,645
Rent, warehousing and utilities	2,674,073	985,609	915	986,524	3,660,597	4,466,009
Other operating expenses	2,943,296	918,098	53,109	971,207	3,914,503	2,654,695
Depreciation and amortization	22,507	-	-	-	22,507	11,731
	<b>46,009,758</b>	<b>4,767,795</b>	<b>641,935</b>	<b>5,409,730</b>	<b>51,419,488</b>	<b>54,775,680</b>
<b>Total expenses</b>	<b>\$ 93,896,911</b>	<b>\$ 14,563,292</b>	<b>\$ 1,747,711</b>	<b>\$ 16,311,003</b>	<b>\$ 110,207,914</b>	<b>\$ 123,346,016</b>

See notes to consolidated financial statements.

**Pathfinder International and Subsidiaries**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2024**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Supporting Services Totals	
Subgrants and subcontracts	\$ 16,734,321	\$ -	\$ -	\$ -	\$ 16,734,321
Employee compensation:					
Salaries	29,353,914	5,391,025	674,914	6,065,939	35,419,853
Employee benefits and payroll taxes	13,210,541	2,833,883	371,738	3,205,621	16,416,162
<b>Total employee compensation</b>	<b>42,564,455</b>	<b>8,224,908</b>	<b>1,046,652</b>	<b>9,271,560</b>	<b>51,836,015</b>
Audit and accounting fees	88,077	126,931	-	126,931	215,008
Consultant fees	6,385,731	292,988	77,975	370,963	6,756,694
Other professional fees	6,246,315	2,178,372	351,938	2,530,310	8,776,625
Travel and subsistence	5,010,293	465,711	49,775	515,486	5,525,779
Participant training	18,532,903	38,591	-	38,591	18,571,494
Supplies and equipment	7,606,186	189,846	1,613	191,459	7,797,645
Rent, warehousing and utilities	3,114,749	1,347,853	3,407	1,351,260	4,466,009
Other operating expenses	2,061,521	534,275	58,899	593,174	2,654,695
Depreciation and amortization	5,385	6,346	-	6,346	11,731
	<b>49,051,160</b>	<b>5,180,913</b>	<b>543,607</b>	<b>5,724,520</b>	<b>54,775,680</b>
<b>Total expenses</b>	<b>\$ 108,349,936</b>	<b>\$ 13,405,821</b>	<b>\$ 1,590,259</b>	<b>\$ 14,996,080</b>	<b>\$ 123,346,016</b>

See notes to consolidated financial statements.

## Pathfinder International and Subsidiaries

### Consolidated Statements of Cash Flows Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (2,916,228)	\$ 311,355
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	(22,507)	11,731
Gain on disposal of equipment	(41,108)	-
Change in grants and contract advances allowance and discount	1,151	658,278
Change in contributions receivable allowance and discount	(10,682)	-
Donated securities	(4,300,962)	(22,689,211)
Proceeds from sale of donated securities for operations	4,300,962	5,665,652
Net realized and unrealized gains on investments	(2,527,926)	(3,558,387)
Changes in operating assets and liabilities:		
Contributions receivable	90,478	3,911,656
Grants and contracts receivable	7,026,030	(3,214,451)
Other receivables, advances and deposits	4,529,926	4,180,384
Prepaid expenses	712,536	96,519
Beneficial interest in trust	(3,807)	(2,885)
Operating right of use lease assets	1,305,006	546,154
Accounts payable	505,496	(3,344,257)
Accrued expenses	(2,787,735)	(1,801,062)
Grants and contract advances	(14,356,437)	5,850,193
Annuities payable	24,244	14,280
Operating lease liabilities	(1,321,921)	(735,976)
<b>Net cash used in operating activities</b>	<b>(9,793,484)</b>	<b>(14,100,027)</b>
Cash flows from investing activities:		
Proceeds from the sale of property and equipment	-	25,026
Proceeds from the sale of investments	4,128,776	6,014,761
Proceeds from the sale of donated securities	-	17,023,559
Distributions from beneficial interest in trust	50,000	50,000
Payments of annuities	(28,485)	-
Purchases of investments	(839,892)	(800,671)
<b>Net cash provided by investing activities</b>	<b>3,310,399</b>	<b>22,312,675</b>
Cash flows from financing activities:		
Collection of contribution receivable for long-term endowment	-	468,994
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>468,994</b>
<b>Net change in cash and cash equivalents and restricted cash</b>	<b>(6,483,085)</b>	<b>8,681,642</b>
Cash and cash equivalents and restricted cash:		
Beginning of year	24,642,666	15,961,024
End of year	\$ 18,159,581	\$ 24,642,666
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents—domestic	\$ 10,643,322	\$ 5,387,378
Cash and cash equivalents—international	2,900,350	3,820,851
Restricted cash	4,615,909	15,434,437
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 18,159,581</b>	<b>\$ 24,642,666</b>
Supplemental disclosures of cash flow information:		
Leased assets obtained in exchange for new operating lease liabilities	\$ -	\$ 518,500
Cash paid for operating leases	\$ 1,904,532	\$ 2,232,653

See notes to consolidated financial statements.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities

**Nature of activities:** Pathfinder International (Pathfinder or the Organization), incorporated in 1957, is a not-for-profit entity. Pathfinder supports sexual and reproductive health and rights worldwide through programs that deliver high-quality sexual and reproductive health services, improve maternal and newborn care, empower adolescents and youth, integrate population, health and environment interventions and address the sexual and reproductive health and rights of displaced populations. Activities are funded by contributions, grants, contracts and cooperative agreements from various government agencies worldwide as well as foundations and other multilateral organizations along with investment returns as allocated by the board of directors, all of which allows Pathfinder to further fieldwork in less developed countries.

A significant amount of Pathfinder's revenue was sourced from arrangements with the United States Agency for International Development (USAID) which is an agency of the government of the United States of America. Under the terms of these agreements (as well as other federal grants), Pathfinder is reimbursed for program costs plus an allocation of Pathfinder's allowable indirect costs using approved methods. Pathfinder follows federally promulgated grant administrative requirements in managing these funds and follows allocation methods that are substantially alike across all of its programs. Charges to programs are subject to audit and review by funders. During the year ended June 30, 2025, all of the Organization's grants with USAID were terminated (see Note 13).

The accompanying consolidated financial statements include the assets, liabilities, net assets and financial activities of Pathfinder and the various subsidiaries established in its countries of operation to facilitate on the ground service delivery. These legally separate entities are: Pathfinder, LLC Egypt; Pathfinder International Operations, LLC; Pathfinder Operations II, LLC; Pathfinder International India; and Nai Umang Society. The previously stated related entities are under common management control with Pathfinder having a controlling financial interest through direct or indirect ownership or being the sole corporate member. While certain consolidated entities are considered legally separate, management has included such entities given the evidence of economic interest that results in effective control, and thus consolidated presentation has been determined to be appropriate.

#### Note 2. Significant Accounting Policies

A summary of Pathfinder's significant accounting policies follows:

**Principles of consolidation:** The accompanying consolidated financial statements include the accounts of Pathfinder and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

**Financial statement presentation:** The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Not-for-Profit Entities topic of the Financial Accounting Standards Board Accounting Standards Codification (ASC) requires that information regarding Pathfinder's financial position and activities are reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets available for general use and not subject to donor restrictions. The board of directors has designated from net assets without donor restrictions, net assets for operating reserve, transition reserve and the pathfinding fund as described more fully elsewhere in these footnotes. Net assets without donor restriction also include the investment in property and equipment, net of accumulated depreciation.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

**Net assets with donor restrictions:** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Such net assets also include, under Massachusetts General Law (MGL), amounts representing cumulative investment earnings on donor-restricted endowment funds, which are subject to prudent appropriation by the board of directors in accordance with donor use restrictions and provisions of MGL, but which have not yet been appropriated by the board of directors. Pathfinder reports grants and contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted revenues are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Pathfinder retains appreciation on funds held in perpetuity as funds with restrictions until appropriated by the board of directors and expended unless otherwise stated by the donor. State law allows the board of directors to appropriate as much of the net appreciation of endowed net assets as is prudent considering other resources of Pathfinder, the duration and preservation of the funds, Pathfinder's long- and short-term needs, present and anticipated financial requirements, expected total return from income and the appreciation of investments, price level trends, general economic conditions and investment policies of Pathfinder.

**Operating activities:** The consolidated statements of activities includes a subtotal for operating surplus (deficit). Items not considered operating activities represent investment return, net of amounts appropriated for operations, change in value of beneficial interest in trust, and change in annuity payable.

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

**Fair value measurements:** Pathfinder reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Recurring fair value measures include the Pathfinder's investment accounts. Nonrecurring measures include contributions receivable and annuity and other gift-associated payables. The fair value standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require Pathfinder to classify financial instruments measured on a recurring basis into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

**Level 1:** Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

**Level 2:** Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date and fair value is determined through the use of models or other valuation methodologies.

**Level 3:** Pricing inputs are unobservable for the instruments and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and are based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these consolidated financial statements. It is possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with certain underlying investment agreements; however, Pathfinder has not experienced such restrictions.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the report date.

During the years ended June 30, 2025 and 2024, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its consolidated statements of financial position or activities.

**Cash and cash equivalents:** Cash and cash equivalents include short-term highly liquid investments with original maturities of three months or less at the date of purchase. Cash and cash equivalents held by investment managers are considered part of investments given the expectation of near-term reinvestment. Cash and cash equivalents include advances from funders.

Pathfinder maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. In addition, cash and cash equivalents in foreign institutions are subject to differing rules and risks. Pathfinder monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

**Restricted cash:** Restricted cash represents conditional restricted funds advanced from one donor that are required to be maintained in a separate account until told how to utilize and funds held for agency transactions. Such amounts are in a deposit account with like risks as noted for cash and cash equivalents, as above.

Restricted cash at June 30, 2025 and 2024, are comprised as follows:

	2025	2024
Such amounts included in restricted cash:		
Funds held for donor restrictions	\$ 4,578,466	\$ 6,107,161
Funds held for agency transactions	37,443	9,327,276
	<u>\$ 4,615,909</u>	<u>\$ 15,434,437</u>

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

**Revenue, support and related receivables:** Unconditional contributed support is considered to be available for general use unless such support includes donor restrictions. Unconditional contributions, including unconditional promises to give, are recognized as revenues and receivables when donors' commitments are verifiably made. Conditional contributions, that is those with a measurable performance barrier or other barrier and a right of return or release of funds, are recognized when the conditions are substantially met. Intentions to give are not recognized. Unconditional promises to give are initially recognized at the estimated net present value, net of an allowance for uncollectible amounts using Level 2 nonrecurring fair value methods or based on the underlying fair value of the assets received. Funds with donor restrictions are released to funds without donor restrictions when time and/or purpose requirements have been met. Conditional donor restricted gifts where the conditions and restrictions are satisfied in the same reporting period are recorded directly to contributions without donor restrictions.

Pathfinder at times receives contributions in the form of donated stock to be used to satisfy payment on prior promises to give. Pathfinder's policy is to sell publicly traded securities upon receipt.

Grant and contract revenue are considered exchange transactions if each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions and are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose. Funds received in advance and not yet earned are recorded as grants and contract advances. Total grants and contract revenue considered exchange transactions, which consisted of agency fee income received for agency contracts, for the years ended June 30, 2025 and 2024, were approximately \$837,000 and \$561,000, respectively, and is included in grants and contracts revenue on the consolidated statements of activities. These revenues have one performance obligation, namely providing administrative services, and are earned as the performance obligation is satisfied, typically over time as the services are performed. Contracts are entered into with grantors, which consists of governmental and nongovernmental agencies, with payment due subsequent to the services being performed. There are no significant financing components associated with agency fee income nor any variable consideration. There were no receivable or deferred revenue balances associated with agency fee income at June 30, 2025 and 2024, and July 1, 2023.

Grant and contract revenue not considered exchange transactions are recognized as revenue when the funds are utilized by the Organization to carry out the activity stipulated by the grant or contract (typically via qualifying direct costs plus indirect costs incurred). The grants and contracts can be terminated by the grantor or funding can be required under certain circumstances coupled with other barriers as applicable. For these reasons, these grant and contract agreements are considered conditional (see Note 16). Accordingly, amounts received, but not recognized as revenue, are classified in the consolidated statements of financial position as grants and contract advances.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

To the extent that indirect costs are limited by an award, the maximum amount of revenue to be recognized will be limited to the allowable amount, with such losses being reflected as incurred as part of Pathfinder's mission. Thus while the timing of receipt of funds may differ based on specified arrangements, for example some foundation grants may award funds in advance, revenue is measured as above with any costs incurred in excess of funds billed and collected or vice versa being reflected within grants and contracts advances. Funds received in advance are held as restricted cash. Indirect costs are provisionally billed based on an approved federal indirect cost rate or other permitted rate per the grant agreement; however, charges to projects are based on actual costs incurred. After the close of each fiscal year, an actual indirect cost rate is determined with such being submitted to appropriate federal officials for approval, which facilitates realization of these funds when permitted. Once such approval is obtained, any amounts determined for indirect costs in excess or below previously allocated provisional rates are adjusted within the grant and contract with such amounts then being available to be drawn or returned as applicable, when allowed. The most recent indirect cost rate was approved for the year ended June 30, 2021.

Management provides an allowance for grants and contracts based on various factors, which include the risk of disallowed costs based on audit by funders, specific risks associated with certain types of arrangements and the general risk of not collecting certain otherwise legitimate costs on its grants and contracts such as the potential loss on recoveries of indirect costs. The allowance for grant receivables was approximately \$1,119,000 and \$630,000 as of June 30, 2025 and 2024, respectively.

**Subgrant and subcontract liabilities:** Subgrants and subcontract liabilities are accounted for under ASC 958-605 and are recognized as expense when the grant is communicated to the recipient and all of Pathfinder's imposed conditions become unconditional, that is, when the related measurable performance barriers or other barriers have been met. Grants made are considered conditional if both a right of return and barrier exist. As of June 30, 2025 and 2024, there were approximately \$675,000 and \$2,565,000 of conditional grants made in other receivables, advances and deposits within the consolidated statements of financial position, respectively.

**Program expense:** Program grants are awarded by Pathfinder to individuals, private organizations and government agencies in less developed countries to support sexual and reproductive health programs. Activities supported include: service delivery, including building sexual and reproductive health and rights capacity of health providers; dissemination of information about modern methods of contraception; integration of sexual and reproductive health programs with conservation and maternal and newborn care programs; and advocacy and communications related to sexual and reproductive health and rights. Normally sub-grant expense is charged when incurred unless Pathfinder has agreed to advance funds to assist sub-grantees with using near-term working capital to cover current expenses. In these cases, any amounts advanced in excess of costs presented are reflected as conditional advances while costs incurred in excess of amounts advanced are reflected as accrued expenses.

Subcontracted technical services are acquired from other institutions that possess a particular expertise in international development. Pathfinder purchases these services through cost-reimbursement contracts for delivery to specified grantees or programs under its direct management and supervision. These services include: on-site consultation and development of clinical service programs; implementation of training programs; consultation and assistance in the implementation of general and financial management systems; delivery of specialized clinical equipment; and the development of informational material on contraceptive methods and practices for distribution to targeted population sectors. Subcontracted technical services are recorded as an expense and liability as the services are performed by the subcontractor.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

Program management and technical assistance are directly attributable to program services and considered to be essential for achieving specific goals. These activities include: providing technical and managerial assistance to subgrantees; monitoring visits to project sites; and direct program management from Pathfinder headquarters and field offices.

Program management and technical assistance are charged to operations, and liabilities are recognized as incurred.

**Investments and investment return:** Investments are carried at fair value.

Investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Investment return from operating and board designated investment funds is reported as an increase in net assets without donor restrictions. Investment return on donor restricted endowment funds is reported as an increase in net assets with donor restrictions.

**Property and equipment:** Property and equipment are stated at cost when the useful life is over one year and the amount is in excess of a management-established capitalization threshold of \$10,000. Depreciation and amortization are provided on a straight-line basis. Equipment and furnishings, including automotive equipment, are depreciated over a period of three to 10 years.

When assets are sold or retired, the cost and accumulated depreciation are removed from the accounts, and any gain or loss is applied to management and general costs. Maintenance and repair costs, which do not materially extend the life of the asset, are charged to expense when incurred.

**Impairment of long-lived assets:** Pathfinder evaluates the recoverability of its property and equipment whenever adverse events and changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. Management believes no indication of impairment existed at June 30, 2025 or 2024.

**Beneficial interest in trust:** Pathfinder is the beneficiary of an irrevocable charitable lead annuity trust for which an external party serves as trustee. Beginning in 2021, Pathfinder began receiving distributions from the trust and expects to continue to receive distributions over a 20-year period. The donor has not restricted the distributions of the trust for a specific purpose. Given the nature of the trust, Pathfinder recognizes its interest in the estimated fair value of the remaining trust assets as an asset on the consolidated statements of financial position and in the net assets with donor restrictions category on the consolidated statements of activities. Given the trustee is an external third party, management has classified its beneficial interest in the trust as a Level 3 financial instrument as the fair value is based on a combination of level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity-specific estimates of cash flows). The fair value is estimated using the income approach and is measured at the present value of the future distributions Pathfinder expects to receive over the term of the agreement. The fair market value of the beneficial interest in trust is \$627,185 and \$673,378 as of June 30, 2025 and 2024, respectively.

There were no transfers into or out of Level 3 investments and no issues of Level 3 investments for the years ended June 30, 2025 and 2024. There were no purchases of Level 3 investments for the years ended June 30, 2025 and 2024.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

**Split-interest agreements/annuity and other gift-associated payables:** Pathfinder has a number of annuity and other gift-associated payables arising from split-interest agreements whereby donors contribute assets in exchange for a fixed or variable payment, which generally extends over the life of the beneficiary. The assets under these arrangements have been separately invested as indicated later in the investment footnote with a liability for the present value of the expected remaining payments to the beneficiary. Such liabilities are initially measured using a nonrecurring Level 2 approach. Changes in the obligation from period to period are based on changes in life expectancy; however, the discount rate used at inception remains fixed over the instrument's life.

**Translation of foreign currency:** All cash denominated in foreign currencies is translated into U.S. Dollars at the prevailing official exchange rate as of year-end. Revenues and expenses of foreign field office operations are translated at the prevailing official exchange rate daily. Translation adjustments resulted in a loss of \$1,146,851 and \$126,372 for the years ended June 30, 2025 and 2024, respectively, and are reflected as grants and contracts revenue in the consolidated statements of activities. Since such gains or losses are allocated to programs accordingly, the financial effects of such adjustments are mitigated.

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

Pathfinder recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

Pathfinder made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, Pathfinder made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

Pathfinder has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to Pathfinder, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

**Income taxes:** Pathfinder is recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). Income earned in furtherance of tax-exempt purposes is exempt from federal and state income taxes. Accordingly, no provision for income taxes is made in the consolidated financial statements. All of the LLC's are single member LLC's and treated as disregarded entities.

Pathfinder has adopted the accounting standard on accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. Generally, Pathfinder is no longer subject to U.S. federal or state income tax examinations by tax authorities for three years from the filing date.

**Functional allocation of expenses:** The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are either directly charged or allocated based on the level of effort with the exception of depreciation expense. Depreciation of plant assets and operation and maintenance of plant expenses have been allocated to functional classifications based on square footage of facilities.

**Advertising expenses:** Advertising costs are expensed as incurred.

**Liquidity:** In order to provide information about liquidity, assets are presented according to their ease of conversion to cash and liabilities are presented in order of their estimated maturity.

**Subsequent events:** Pathfinder has evaluated subsequent events through March 31, 2026, the date on which the consolidated financial statements were available to be issued.

#### Note 3. Liquidity and Availability

Pathfinder regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Pathfinder has various sources of liquidity at its disposal, including cash and cash equivalents, marketable equity and fixed income securities, and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Pathfinder considers all expenditures related to the ongoing activities of its programs as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, Pathfinder seeks to operate with a relatively balanced budget with the longer-term goal of generating surpluses from increased contributed support.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 3. Liquidity and Availability (Continued)

The following tables show the total financial assets held by Pathfinder and the amounts of those financial assets available within one year at June 30, 2025 and 2024, to meet general expenditures:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents—domestic	\$ 10,643,322	\$ 5,387,378
Cash and cash equivalents—international	2,900,350	3,820,851
Restricted cash	4,615,909	15,434,437
Contributions receivable, net	1,444,860	1,524,656
Grants receivable, net	11,660,214	18,687,395
Other receivables, advances and deposits	1,291,338	5,821,264
Investments	30,262,032	31,022,990
Beneficial interest in trust	627,185	673,378
Total financial assets at year-end	<u>63,445,210</u>	<u>82,372,349</u>
Less amounts unavailable for general expenditure within one year:		
Restricted cash held for agency transactions and donors	(4,615,909)	(15,434,437)
Board-imposed restrictions:		
Board-designated endowment	(8,752,249)	(8,079,838)
Contractual or donor-imposed restrictions:		
Donor restricted endowment	(20,219,125)	(18,640,315)
Plus budgeted endowment spending rate appropriations	1,229,694	333,075
Restricted for specific purpose or time	(1,508,909)	(1,588,489)
Plus expected beneficial interest distributions	50,000	50,000
Plus expected allowable grant expenditures	4,409,029	4,127,106
Plus expected contribution receivable collections	122,600	122,600
Total financial assets available to meet general expenditures over the next 12 months	<u>\$ 34,160,341</u>	<u>\$ 43,262,051</u>

In addition to the financial assets available to meet general expenditures noted above, Pathfinder has \$8,752,249 and \$8,079,838 of board-designated funds as of June 30, 2025 and 2024, respectively, which could be used to meet general expenditures with board approval and access to a \$2 million line of credit (see Note 10).

#### Note 4. Contributions Receivable, Net

Contributions receivable are as follows at June 30:

	2025	2024
Due in less than one year	\$ 122,600	\$ 122,600
Due in one to five years	1,630,314	1,720,971
	<u>1,752,914</u>	<u>1,843,571</u>
Less:		
Allowance for uncollectible accounts	(147,440)	(151,886)
Discount on contributions receivable (rates ranging from 0.03% to 4.48%)	(160,614)	(167,029)
Total contributions receivable, net	<u>\$ 1,444,860</u>	<u>\$ 1,524,656</u>

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 4. Contributions Receivable, Net (Continued)

As of June 30, 2025, two donors make up approximately 68% of gross contributions receivable. As of June 30, 2024, two donors make up approximately 72% of gross contributions receivable.

#### Note 5. Other Receivables, Advances and Deposits

Other receivables, advances and deposits are as follows at June 30:

	2025	2024
Subcontractor advances	\$ 675,522	\$ 2,565,384
Deposits	410,824	440,802
VAT receivable and other	188,182	2,492,427
Travel advances to employees	16,810	322,651
Total other receivables, advances and deposits	<u>\$ 1,291,338</u>	<u>\$ 5,821,264</u>

#### Note 6. Investments and Fair Value of Financial Instruments

Investments are as follows at June 30:

	2025	2024
Mutual funds:		
Money market funds	\$ 2,092,034	\$ 381,078
Domestic equity securities	12,838,838	15,506,161
Foreign equity securities	4,392,469	4,386,072
Domestic bonds	10,722,102	10,543,619
Total mutual funds	<u>30,045,443</u>	<u>30,816,930</u>
Spit-interest agreements (charitable gift annuities):		
Domestic mutual funds	216,589	206,060
Total investments	<u>\$ 30,262,032</u>	<u>\$ 31,022,990</u>

All investments are publicly traded and considered Level 1 in terms of the method of determining fair value.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 6. Investments and Fair Value of Financial Instruments (Continued)

Investments and activity within such funds based on the various purposes are as follows as of and for the years ended June 30, 2025 and 2024:

	Donor-Restricted Endowment Funds	Other Investments	Board-Designated Endowment Funds	Charitable Gift Annuities	Total
Investments as of June 30, 2023	\$ 16,429,108	\$ 6,416,980	\$ 9,637,876	\$ 194,729	\$ 32,678,693
Amounts appropriated for expenditures	(257,573)	(482,124)	-	-	(739,697)
Transfers to operating checking for costs incurred on initiatives	-	(2,154,400)	(3,089,719)	-	(5,244,119)
Annuity payments	-	-	-	(12,943)	(12,943)
Investment return, net	2,468,780	316,321	1,531,681	24,274	4,341,056
Investments as of June 30, 2024	18,640,315	4,096,777	8,079,838	206,060	31,022,990
Amounts appropriated for expenditures	(617,646)	(425,383)	-	-	(1,043,029)
Transfers to operating checking for costs incurred on initiatives	-	(2,850,270)	(295,548)	-	(3,145,818)
Annuity payments	-	-	-	(13,715)	(13,715)
Investment return, net	2,196,456	252,945	967,959	24,244	3,441,604
Investments as of June 30, 2025	\$ 20,219,125	\$ 1,074,069	\$ 8,752,249	\$ 216,589	\$ 30,262,032

#### Note 7. Property and Equipment

Property and equipment were comprised of the following at June 30:

	2025	2024
Equipment and furnishings	\$ 13,588	\$ 13,591
Automotive equipment	207,373	130,227
	220,961	143,818
Less accumulated depreciation and amortization	(34,312)	(20,784)
Total property and equipment	\$ 186,649	\$ 123,034

#### Note 8. Leases

Pathfinder leases real estate and equipment under operating lease agreements that have initial terms ranging from one to 10 years. Some leases include one or more options to renew, generally at Pathfinder's sole discretion. In addition, certain leases contain termination options where the rights to terminate are held by either Pathfinder, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that Pathfinder will exercise that option. Pathfinder's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 8. Leases (Continued)

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended June 30:

	2025	2024
Operating lease cost	\$ 2,093,041	\$ 1,348,371
Variable lease expense	598,103	65,699
Total lease expense	<u>\$ 2,691,144</u>	<u>\$ 1,414,070</u>

Supplemental consolidated statement of financial position information related to leases is as follows as of June 30:

	2025	2024
Operating lease right-of-use assets, net	\$ 3,829,589	\$ 5,134,595
Operating lease liabilities	4,475,356	5,797,277
Weighted-average remaining lease term	2.53 years	2.98 years
Weighted-average discount rate	2.96%	3.27%

The table below summarizes Pathfinder's scheduled future minimum lease payments for the years ending after June 30, 2025:

	Leases
Years ending June 30:	
2026	\$ 758,300
2027	959,132
2028	902,058
2029	891,069
2030	849,824
Thereafter	345,750
Total lease payments	<u>4,706,133</u>
Less imputed interest	<u>(230,777)</u>
Total present value of operating lease liability	<u>\$ 4,475,356</u>

Total fixed sublease income for the years ending June 30, 2025 and 2024 totaled approximately \$210,000 and \$490,000, respectively. The previous sublease agreement expired in December 2024. A new sublease agreement between the Organization and a tenant was executed in March 2025. The commencement of the lease begins in September 2025 and requires escalating fixed monthly payments through November 2030.

#### Note 9. Agency Transactions

At times Pathfinder acts as a fiduciary for other institutions. During the years ended June 30, 2025 and 2024, Pathfinder held \$525,857 and \$8,872,490, respectively, of agency assets and liabilities.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 10. Line of Credit

Pathfinder has a revolving line of credit agreement (the line) with a bank that has a maximum borrowing amount of \$2,000,000. The line expires February 28, 2026. The line, which is unsecured, contains certain financial covenants with which Pathfinder needs to comply. Interest on the line is calculated at the bank's prime rate. There were no borrowings against the line during fiscal years 2025 and 2024.

#### Note 11. Net Assets and Endowment Matters

Net assets without donor restrictions consisted of the following as of June 30:

	2025	2024
Net investment in property and equipment	\$ 186,649	\$ 123,034
Board-designated endowment funds:		
Operating reserve	8,698,415	7,736,977
Transition reserve	-	291,051
Pathfinding fund	53,834	51,810
Other operating funds	4,408,085	7,924,338
	<u>\$ 13,346,983</u>	<u>\$ 16,127,210</u>

Net assets with donor restrictions are available for the following purposes at June 30:

	2025	2024
Contributions receivable—net of allowance and discount:		
Purpose	\$ 1,100,000	\$ 1,100,000
Time	344,860	424,656
	<u>1,444,860</u>	<u>1,524,656</u>
Unconditional grants subject to expenditure for specific purpose	<u>1,655,508</u>	<u>3,244,330</u>
Beneficial interest in trust	<u>627,185</u>	<u>673,378</u>
Subject to the Organization's spending policy and appropriation:		
Endowment:		
General endowment (including original corpus of \$6,387,029 as of June 30, 2025 and 2024) to support operations	8,557,419	7,912,696
Health endowment (including original corpus of \$10,000,000 as of June 30, 2025 and 2024) to support health education	11,661,706	10,727,619
Total endowment	<u>20,219,125</u>	<u>18,640,315</u>
Total net assets with donor restrictions	<u>\$ 23,946,678</u>	<u>\$ 24,082,679</u>

During the years ended June 30, 2025 and 2024, releases from restriction totaled \$1,739,889 and \$7,172,115, respectively. Of the \$1,739,889 of releases during the year ended June 30, 2025, \$1,599,232 were released due to purpose restrictions being satisfied while \$140,657 were released due to time restrictions being satisfied. Of the \$7,172,115 of releases during the year ended June 30, 2024, \$2,169,187 were released due to purpose restrictions being satisfied while \$5,002,928 were released due to time restrictions being satisfied.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 11. Net Assets and Endowment Matters (Continued)

**Endowment:** Pathfinder's endowment consists of one main fund established for overall mission purposes. Pathfinder's policies are designed to follow relevant state law relative to the handling of endowment funds that were sourced with funds with donor restrictions. Pathfinder follows like policies for funds without donor restrictions as a matter of convention. Details for the endowment investment balances and other board-designated funds are included in Note 6. In the event of a deficiency within a fund sourced with donor restricted funds, such amounts are accounted for within that category. Pathfinder's policy is not to draw from funds that are in deficiency status relative to its normal spending policy.

**Interpretation of relevant law:** Pathfinder tracks net assets with donor restrictions as follows: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any excess over these amounts represents the cumulative return in excess of (or less than) the cumulative amounts appropriated for spending with such amounts being indicated as accumulated unspent gains (losses).

Pathfinder follows Uniform Prudent Management of Institutional Funds Act as promulgated in the Commonwealth of Massachusetts that allows the board of directors to appropriate a percentage of the endowment that is prudent considering Pathfinder's long- and short-term needs, present and anticipated financial requirements, and expected total return on investments, price level trends and general economic conditions. Pathfinder's endowment spending policy is equal to 3.5% of such amounts and is computed applying the three-year rolling average market value as determined as of the calendar year-end preceding the start of the fiscal year of both endowment and other funds.

Following the annual budget approval by the board of directors or July 1 being the start of the fiscal year, whichever comes later, management will withdraw the amount equivalent to the 7% (approved in the budget), from the investment funds and transfer it to the operating cash account. This amount is drawn on a proportional basis from the Endowment Fund and Unrestricted Long Term Fund and Operating Reserve—if enough funds are available to maintain the corpus of the Endowment, otherwise it will come from the Unrestricted Long Term Fund and Operating Reserves. Underwater endowments are not drawn upon.

**Funds with deficiencies:** There were no donor endowment funds with deficiencies (underwater endowments) at June 30, 2025 and 2024. No amounts were spent from underwater funds during the fiscal years ended June 30, 2025 and 2024.

**Return objectives and risk parameters:** Pathfinder has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment.

**Strategies employed for achieving objectives:** To satisfy its long-term rate of return objectives, Pathfinder relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Pathfinder targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, Pathfinder seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 12. Concentrations, Commitments and Contingencies

**Grants and contracts:** Pathfinder routinely enters into grant agreements and contracts with governmental agencies that provide for reimbursement of the eligible direct and indirect costs of providing certain program services. The grants and contracts are subject to audit or review and retroactive adjustments based on the final determination of eligible reimbursable expenditures by the grantor. The effect of such adjustments, if any, on the Organization's consolidated financial statements cannot be determined at this time, and no provision has been made for any such adjustment in the accompanying consolidated financial statements. Grants from USAID accounted for approximately 48% and 59% of total revenues for the year ended June 30, 2025 and 2024, respectively. Outside of USAID, one grantor accounted for approximately 18% of total revenues for the year ended June 30, 2025, and 10% of revenues for the year ended June 30, 2024.

**Assets in foreign currencies:** Pathfinder maintains cash balances with banks in Asia and Africa. Pathfinder had the U.S. Dollar equivalent of \$3,549,869 and \$3,426,274 at June 30, 2025 and 2024, respectively, in foreign currencies deposited in foreign banks. These cash balances are exposed to currency risks/variation relative to the U.S. Dollar. Pathfinder does not hedge its currency exposures.

**Legal:** Pathfinder is involved in various legal proceedings arising in the normal course of business. Management believes that the resolution of these matters will not have a material effect on the consolidated financial statements.

**Paycheck Protection Plan (PPP) Loan:** On April 16, 2020, Pathfinder received a Small Business Administration (SBA) PPP Loan for \$2,746,252. This loan was subsequently forgiven in full in June 2021. The SBA generally has six years to audit the PPP loan after it is forgiven or repaid. Pathfinder is not aware of audits of the Organization's PPP Loan in process by this agency as of June 30, 2025 and 2024.

#### Note 13. Going Concern—Alleviation of Substantial Doubt

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. Beginning in January 2025, President Trump signed several executive orders (EOs) ordering the pause or termination of federal assistance for programs that do not align with the new administration's policies. The Administration tasked federal departments with evaluating all federal programs they administer, to determine if the funding being provided falls under any of the EOs. During the fiscal year ended June 30, 2025, Pathfinder received communications from its federal funding agencies indicating all federal awards were being terminated including approximately \$112 million of future funding. These factors, along with historical net losses and negative operating cash, raised substantial doubt about the Organization's ability to continue as a going concern.

In response to these events, Pathfinder has significantly reduced its workforce. Pathfinder has scheduled closure of non-strategic country offices from November 2025 through June 2026 and plans to transition four country offices into project-based offices to reduce fixed costs while maintain program presence.

Pathfinder is also actively pursuing revenue diversification and growth through new partnership opportunities and strategic shifts toward more diversified and flexible revenue streams in order to reduce dependence on a single major donor. Finally, the Organization has also budgeted additional appropriations from board and donor endowments in order to assist with cash flow.

Accordingly, management's plan alleviates the substantial doubt about the entity's ability to continue as a going concern for at least one year and a day from the issuance of these financial statements.

## Pathfinder International and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 14. Program Services

The following is a summary of program services and funding by source for the years ended June 30:

	2025					Total
	Non-Government	U.S. Government	Foreign Government Multilateral	Other Program Services	Public Information	
Program grants	\$ 1,303,260	\$ 1,387,308	\$ 520,216	\$ 1,609	\$ -	\$ 3,212,393
Subcontracted technical services	331,836	8,871,913	973,105	-	-	10,176,854
Program management and technical assistance	32,531,297	28,176,783	8,962,543	-	-	69,670,623
Other program services	-	-	-	8,980,131	1,856,910	10,837,041
	<u>\$ 34,166,393</u>	<u>\$ 38,436,004</u>	<u>\$ 10,455,864</u>	<u>\$ 8,981,740</u>	<u>\$ 1,856,910</u>	<u>\$ 93,896,911</u>

  

	2024					Total
	Non-Government	U.S. Government	Foreign Government Multilateral	Other Program Services	Public Information	
Program grants	\$ 2,489,447	\$ 2,316,647	\$ 719,735	\$ -	\$ -	\$ 5,525,829
Subcontracted technical services	-	11,208,492	-	-	-	11,208,492
Program management and technical assistance	28,285,914	44,252,079	6,597,029	-	-	79,135,022
Other program services	-	-	-	10,174,939	2,305,654	12,480,593
	<u>\$ 30,775,361</u>	<u>\$ 57,777,218</u>	<u>\$ 7,316,764</u>	<u>\$ 10,174,939</u>	<u>\$ 2,305,654</u>	<u>\$ 108,349,936</u>

#### Note 15. Retirement Plans

Pathfinder offers retirement benefits to its employees based on eligibility or availability in a select number of countries.

Pathfinder maintains defined contribution retirement plans covering substantially all U.S. employees and Third Country Nationals. Employee contributions are not required in order to participate in the plans. Pathfinder's contributions to the plans are a predetermined percentage of the participants' gross compensation. Costs under these plans were \$936,064 and \$1,243,573 for 2025 and 2024, respectively.

Local national retirement plans are available in a select number of countries. Costs under these plans were \$740,931 and \$564,428 for 2025 and 2024, respectively.

Pathfinder had a non-qualified benefit plan organized under IRC Section 457 for select employees which provides additional amounts for retirement to this group. This plan was fully paid out and transferred to employees during the year ended June 30, 2025. Contributions made to the plan were \$0 and \$126,428 for the years ended June 30, 2025 and 2024, respectively.

#### Note 16. Related Parties

During the years ended June 30, 2025 and 2024, the board of directors provided the Organization with approximately \$18,000 and \$19,000, respectively, in contributions, of which \$0 is outstanding as of June 30, 2025 and 2024.

## **Pathfinder International and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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#### **Note 17. Conditional Grants and Contracts**

Pathfinder has conditional grants and contracts of approximately \$59,811,000 and \$99,541,000 as of June 30, 2025 and 2024, respectively. Future revenue recognition is contingent upon Pathfinder carrying out certain activities (meeting grant-imposed barriers) stipulated by the grant or contract.

Pathfinder provides conditional grants and contracts to various sub awardees. Future recognition of expenses is dependent upon the sub-awardee carrying out certain activities (meeting grant-imposed barriers) stipulated by the grant or contract. Total conditional grants and contracts to sub awardees approximated \$5,067,000 and \$23,417,000 as of June 30, 2025 and 2024, respectively.