

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

ACCION International and Subsidiaries

December 31, 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
ACCION International and Subsidiaries

Opinion

We have audited the consolidated financial statements of ACCION International and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2024, and 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

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

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



Boston, Massachusetts
August 8, 2025

ACCION International and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 11,973,881
Short-term investments	62,504,776
Program notes receivable	471,060
Grants receivable	8,283,111
Contributions receivable	3,452,006
Contracts receivable	884,075
Prepaid expenses	1,209,477
Deposits, advances and other receivables	<u>3,133,988</u>
Total current assets	91,912,373

Noncurrent assets

Grants receivable - net	2,950,360
Contributions receivable - net	540,884
Investments pledged as guarantee for program letters of credit	3,077,655
Program investments	249,193,311
Property and equipment - net	50,406
Right-of-use asset	<u>1,889,665</u>
Total noncurrent assets	<u>257,702,281</u>
Total assets	<u><u>\$ 349,614,654</u></u>

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued liabilities	\$ 6,478,931
Current operating lease liabilities	925,657
Deferred revenue	<u>1,147,025</u>
Total current liabilities	<u>8,551,613</u>

Noncurrent liabilities

Operating lease liabilities	<u>524,558</u>
Total liabilities	9,076,171

Net assets

Without donor restrictions	322,726,075
With donor restrictions	<u>17,812,408</u>
Total net assets	<u>340,538,483</u>
Total liabilities and net assets	<u><u>\$ 349,614,654</u></u>

The accompanying notes are an integral part of this consolidated financial statement.

ACCION International and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions and grants	\$ 2,952,704	\$ 10,027,352	\$ 12,980,056
Dividend and interest income from program investments	5,636,446	-	5,636,446
Dividend and interest income from short-term investments	2,777,534	-	2,777,534
Contract revenues and training fees	5,152,278	-	5,152,278
Management service fees	5,428,884	-	5,428,884
Net assets released from restrictions	10,568,991	(10,568,991)	-
Total revenues	32,516,837	(541,639)	31,975,198
Functional expenses			
Program services			
Global programs	12,402,354	-	12,402,354
Global investments	4,794,310	-	4,794,310
ACCION Impact Management	8,188,061	-	8,188,061
Center for Financial Inclusion	3,332,549	-	3,332,549
Communications	2,688,290	-	2,688,290
Total program services	31,405,564	-	31,405,564
Supporting services			
General and administrative	8,569,214	-	8,569,214
Fundraising	2,996,407	-	2,996,407
Total supporting services	11,565,621	-	11,565,621
Total functional expenses	42,971,185	-	42,971,185
Change in net assets from operations	(10,454,348)	(541,639)	(10,995,987)
Net unrealized gain (loss) on investments	(47,508,523)	-	(47,508,523)
Net realized gain on investments	2,450,752	-	2,450,752
Foreign currency translation gain (losses), net	(24,281)	-	(24,281)
Other	(83,879)	-	(83,879)
Change in net assets	(55,620,279)	(541,639)	(56,161,918)
Net assets - beginning of year (Note 2)	378,346,354	18,354,047	396,700,401
Net assets - end of year	\$ 322,726,075	\$ 17,812,408	\$ 340,538,483

The accompanying notes are an integral part of this consolidated financial statement.

ACCION International and Subsidiaries

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2024

	Program Services					Supporting Services		Total Expenses
	Global Programs	Global Investments	ACCION Impact Management	Center for Financial Inclusion	Communications	General and Administrative	Fundraising	
Functional expenses								
Salaries and related expenses	\$ 7,262,610	\$ 2,217,574	\$ 3,580,601	\$ 1,951,656	\$ 1,393,943	\$ 6,338,380	\$ 2,272,589	\$ 25,017,353
Professional services	2,899,194	1,683,191	3,943,623	980,468	147,207	1,020,638	274,901	10,949,222
Travel and conferences	901,537	598,150	569,972	199,512	644,347	461,029	152,450	3,526,997
Office and occupancy	840,213	178,029	34,072	188,402	398,733	554,602	277,135	2,471,186
Awards and grants	277,977	-	-	-	82,860	13,532	-	374,369
Depreciation	33,072	1,956	-	4,045	3,336	19,864	4,791	67,064
Interest and fees	(7,959)	11,259	13,811	467	9,757	67,087	3,825	98,247
Miscellaneous	195,710	104,151	45,982	7,999	8,107	94,082	10,716	466,747
Total	\$ 12,402,354	\$ 4,794,310	\$ 8,188,061	\$ 3,332,549	\$ 2,688,290	\$ 8,569,214	\$ 2,996,407	\$ 42,971,185

The accompanying notes are an integral part of this consolidated financial statement.

ACCION International and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2024

Cash flows from operating activities:	
Change in net assets	\$ (56,161,918)
Adjustments to reconcile net assets to net cash used in operating activities:	
Unrealized (gain) loss on investments	47,508,523
Realized gain on sale of investments	(2,450,752)
Provision for doubtful accounts	178,844
Lease adjustment ASC 842	(351,893)
Depreciation	65,908
Foreign currency translation losses	18,522
Increase (decrease) in cash and cash equivalents as a result of a change in:	
Prepaid expenses	(582,247)
Grants receivable	2,001,447
Contributions receivable	(2,618,124)
Deposits, advances and other receivables	1,327,577
Contract payments receivable	(75,380)
Accounts payable and accrued liabilities	1,659,842
Deferred revenue	527,880
	<hr/>
Net cash used in operating activities	(8,951,771)
Cash flows from investing activities:	
Purchase of property and equipment	(23,609)
Purchase of program investments	(12,206,136)
Proceeds from sale of program investments and loans (net)	21,380,501
Net program loan originations and principal repayments	(293,680)
	<hr/>
Net cash provided by investing activities	8,857,076
Cash flows from financing activities:	
Line of credit	(63,333)
	<hr/>
Net cash provided by (used in) financing activities	(63,333)
Effect of exchange rate changes on cash	<hr/> 1,721
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(156,307)
Cash and cash equivalents - beginning of year	<hr/> 12,130,188
Cash and cash equivalents - end of year	<hr/> <u>\$ 11,973,881</u>
Supplemental disclosure:	
Noncash transactions:	
Conversion debt to equity	\$ 9,707
Cash paid during the period for:	
Interest	10,148
Taxes	83,879

The accompanying notes are an integral part of this consolidated financial statement.

ACCION International and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - NATURE OF ORGANIZATION

ACCION International and its subsidiaries ("Accion") is incorporated in New York with an office in Washington, D.C. and subsidiaries as listed in Note 2. Accion is a global non-profit with a pioneering legacy in microfinance and fintech impact investing. Accion's mission is to create a fair and inclusive economy where underserved people have quality financial choices and opportunities to improve their economic well-being.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Accion and the following entities:

Fundacion Centro Accion Microempresarial ("Centro")

Centro is a non-profit foundation and was formed in Bogota, Colombia as a Latin American operational arm of Accion. The accounts of Centro reflect total assets and liabilities of \$349,266 and \$91,800, respectively, at December 31, 2024.

Accion Gateway Fund, L.L.C. ("Gateway")

Gateway is a wholly owned subsidiary of Accion. Gateway was formed as a single member limited liability company in Delaware to own several program investments.

Accion Technical Advisors, India ("ATA")

ATA is a wholly owned subsidiary of Accion. ATA was formed as a non-profit company under Section 8 of the Companies Act, 2013 of India and is the operational arm of Accion's charitable activities in India. The accounts of ATA reflect total assets and liabilities of \$107,569, and \$623,011, respectively, at December 31, 2024.

Accion Africa-Asia Investment Company ("AAAIC")

AAAIC is a wholly owned subsidiary of Accion. AAAIC was created as a for-profit company incorporated in the Republic of Mauritius to own several program investments in Asia and Africa.

Accion Frontier Inclusion Fund GP, LLC ("AFIF GP")

AFIF GP is a wholly owned subsidiary of Accion. AFIF GP was formed as a single-member limited liability company in Delaware for the purpose of serving as general partner to Accion Frontier Inclusion Fund, L.P. ("AFIF"), an investment fund (pooled investment vehicle) organized as a limited partnership and which also makes program investments in Accion.

Accion Frontier Inclusion Fund LP, LLC ("AFIF LP")

AFIF LP is a wholly owned subsidiary of Accion. AFIF LP was formed as a single member limited liability company in Delaware for the purpose of investing in AFIF.

Accion Quona Inclusion Fund GP, LLC ("AQF GP")

AQF GP is a wholly owned subsidiary of Accion. AQF GP was formed as a single member limited liability company in Delaware for the purpose of serving as general partner to Accion Quona Inclusion Fund, L.P.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

("AQF"), an investment fund (pooled investment vehicle) organized as a limited partnership and which is also an investment holding of Accion.

Accion Quona Inclusion Fund LP, LLC ("AQF LP")

AQF LP is a wholly owned subsidiary. AQF LP was formed as a single member limited liability company in Delaware for the purpose of investing in AQF.

Accion Venture Lab GP, LLC ("AVL GP")

AVL GP is a wholly owned subsidiary of Accion. AVL GP was formed as a single member limited liability company in Delaware for the purpose of serving as general partner to Accion Venture Lab, LP ("AVL"), an investment fund (pooled investment vehicle), organized as a limited partnership, which is managed by AIM US.

Accion Venture Lab GP, LLC II ("AVL GP II")

Accion is the managing member and majority owner of AVL GP II. AVL GP II was formed as a limited liability company in Delaware to serve as the general partner to Accion Venture Lab Fund II, LP ("AVL Fund II"), an investment fund (pooled investment vehicle), organized as a limited partnership, which is managed by AIM US.

Accion Impact Management LLC ("AIM US")

AIM US is a wholly owned subsidiary of Accion. AIM US was formed as a single member Delaware limited liability company for the purpose of serving as investment manager to Accion sponsored investment funds (pooled investment vehicles). AIM US has elected to be treated as a corporation for tax purposes and is a for-profit company. AIM US is an investment adviser registered with the US Securities and Exchange Commission (SEC).

Accion Digital Transformation Fund GP LLC ("ADTx GP")

Accion is the managing member and majority owner of ADTx GP. ADTx GP was formed as a limited liability company in Delaware, for the purpose of serving as general partner to Accion Digital Transformation Fund, LP ("ADTx"), an investment fund (pooled investment vehicle) managed by AIM US.

Accion Impact Management India Pvt Ltd ("AIM India")

AIM India is a wholly owned subsidiary of AIM US. AIM India was formed in India as a commercial private limited company for the purpose of providing advisory and consultancy, administrative, operational and support services.

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") using the not-for-profit organizations audit guide issued by the American Institute of Certified Public Accountants ("AICPA"). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Accion and the changes thereof are classified and reported as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

Net assets with donor restrictions

Contributions, grants, and income whose use by Accion has been limited by donors or grantors to a specific time period or purpose.

Correction of an Error

The consolidated financial statements include a correction related to the historical valuation of certain program investments at net asset value (NAV). Management identified that an error in the valuation computation resulted in a cumulative overstatement of program investments and net assets without donor restrictions, and an understatement of unrealized loss on investments, of \$12.26 million as of December 31, 2023. The impact of the error is considered immaterial based on the quantitative and qualitative considerations assessed by management. The correction was recorded as an adjustment in the opening net assets balance of the 2024 consolidated statement of activities.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less when purchased, excluding amounts restricted by donors for long-term purposes. At times, the cash balances maintained at a single institution may exceed federally insured limits set by the Federal Deposit Insurance Corporation. Accion has not experienced any losses in these accounts.

Total cash held in foreign accounts was \$1,211,627 on December 31, 2024.

Short-Term Investments

Short-term investments consist of certificates of deposit, commercial paper, corporate bonds, government reserves funds, mutual funds, and U.S. treasury bonds, invested primarily in fixed income securities rated BBB or better, as determined by Standard & Poor's Corporation. These investments are carried at fair value, determined as the price that would be received to sell the asset. The changes in fair value are reflected in the consolidated statement of activities.

Investments Pledged as Guarantee for Letters of Credit

Investments in marketable equity securities with readily determinable fair values and all investment securities are reported at fair value, determined as the price that would be received to sell the asset, with gains and losses included in the consolidated statement of activities.

Program Investments

Program investments with a determinable fair value are measured using quoted market prices in active markets. For program investments without a readily determinable fair value, valuations are based and recorded using various methods, depending on the nature of ownership and other factors. The various methods are as follows:

- 1) Fair value based on the measurement alternative - these non-marketable investments are recorded at cost, adjusted for observable price changes for an identical or similar investment of the same issuer. Observable price changes and impairment indicators are assessed at each reporting period.
- 2) Fair value using modeling techniques or the equity method of accounting - when Accion can exercise significant influence, which is generally indicated when its equity position in the affiliate equals or exceeds 20% but does not exceed 50%.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

- a. Under the fair value method, Accion utilizes multiple valuation techniques resulting in a range of acceptable valuations. Significant increases or decreases in the inputs used in these valuation techniques in isolation may result in a significantly lower or higher fair value measurement, respectively. When ownership falls below 20%, if the investment was initially valued using the fair value option, the investment will continue to be valued under the fair value option until it is sold.
 - b. Under the equity method, Accion records its proportional share of the equity of the underlying investment at each measurement date, with the net income in the investment at each measurement date reported in the consolidated statement of activities as a non-operating activity, and dividends as decreases in the investments.
- 3) Fair value using net asset value ("NAV") - investments in non-marketable fund structures managed by external managers are reported at fair value based on the most recent NAV provided by the manager, subject to assessments that the information is representative of fair value and in consideration of any factors deemed pertinent to the fair value measurement. Under U.S. GAAP, Accion is permitted to use NAV as a practical expedient to estimate fair value, unless it expects to sell at a different value or the NAV is not compliant with U.S. GAAP. Accion calculates its share of each fund's NAV by applying its ownership percentage to the total limited partners' capital, which excludes capital attributable to the general partner (GP) or special limited partner (SLP).

Certain investments are reviewed periodically to determine whether the underlying value has been impaired. If impairment has been identified and is deemed other than temporary, the carrying value of the investment is written down to the impaired value. For the year ended December 31, 2024, Accion identified four investments requiring an impairment adjustment totaling \$3,775,942. These adjustments are reported in the net unrealized gain/loss on investments in the consolidated statement of activities.

Contracts, Contributions and Grants

Accion recognizes contracts and grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, revenue is recognized when a contribution becomes unconditional; that is, when the conditions on which they depend are substantially met. Grants are evaluated as to whether they qualify as exchange transactions or contributions. Grants treated as exchange transactions are reported as revenue without donor restrictions when expenses are incurred in accordance with the agreement's terms. The excess amounts received in exchange transactions over the amounts of expenditures incurred are classified as deferred revenue on the consolidated statement financial position.

If a grant agreement contains a right of return or right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to be overcome, Accion recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome. Funds received before conditions are met are reported as unearned grant revenue and advisory fees within the consolidated statement of financial position. As of December 31, 2024, Accion had been notified of \$2,166,077, in conditional promises to give.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

Pledges of contributions to be received after one year are discounted to present value. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Grants and contributions receivable include amounts due in future years. Grants and contributions receivable are expected to be collected during the following periods:

	<u>2024</u>
Due in one year or less	\$ 11,735,119
Due in one to five years	<u>3,641,364</u>
	15,376,483
Present value discount (4.3%)	<u>(150,123)</u>
Net contributions and grants receivable	<u>\$ 15,226,360</u>

Property and Equipment

Furniture, fixtures, and equipment are recorded at cost and depreciated on a straight-line basis over their useful lives, which range from three to ten years. Leasehold improvements are recorded at cost and amortized on a straight-line basis over the shorter of the life of the lease or estimated useful life of the improvement. Donated equipment is recorded at the fair market value as of the date the gift is made and amortized over its useful life.

Method Used for Allocation of Expenses Among Program and Supporting Services

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of Accion. Those expenses include rent, office expenses, depreciation, and information technology services. Accion allocates these expenses based on square footage or headcount.

Donated Services

Donated services, which are specialized, and which would otherwise need to be purchased, are reflected as contribution revenue and expensed or capitalized, as appropriate, at their fair market values at the date of receipt. Fair market value is determined by the price at which services would have been purchased. Included in contributions and grant revenue, global programs, global investments, and general administrative expenses are donated services, computer equipment, and legal services having an aggregate value of \$605,233 in fiscal year 2024.

Foreign Currency Translation

The functional currency of Centro is the Colombian peso. The functional currency of ATA and Accion Impact India is the Indian rupee. Assets and liabilities of these subsidiaries are translated into U.S. dollars using the current exchange rates at the date of the consolidated statement of financial position. Changes in net assets are translated using the average rate for the fiscal year.

Foreign currency exchange transaction gains and losses are recorded in the consolidated statement of activities.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

Income Tax

Accion is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and is generally exempt from income taxes pursuant to Section 501(a). Centro and ATA are registered charitable organizations in Colombia and India, respectively. Gateway, AFIF GP, AFIF LP, and AVL GP, single member limited liability companies, are fully consolidated on the federal form 990 of their single member, Accion. AAAIC, AIM US, and AIM India (see Note 2) are taxable subsidiaries of Accion, filing their own tax returns. The income tax consequences, if any, are reflected in the consolidated financial statements, and do not have a material effect, individually or in aggregate, upon Accion's consolidated financial statements. Accion believes it has taken no uncertain tax positions.

Risks and Uncertainties

Accion facilitates access to letters of credit for affiliates outside the United States, which may involve significant risks not present in domestic transactions. For example, foreign companies usually are not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to domestic companies. Other risks include political or financial instability or diplomatic and other developments which could affect foreign operations and investments in foreign-based entities.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024 consist of the following:

	<u>2024</u>
Furniture, fixtures, equipment and software	\$ 1,294,957
Leasehold improvements	<u>1,963,294</u>
Property and equipment - gross	3,258,251
Less accumulated depreciation	<u>(3,207,845)</u>
Property and equipment - net	<u>\$ 50,406</u>

For the year ended December 31, 2024, Accion incurred \$67,064 in depreciation expense.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

As required by existing guidance, Accion reports certain assets at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 values use pricing models, discounted cash flow methodologies, or similar techniques reflecting Accion's own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets recorded at fair value.

Contributions and Grants Receivable

Contributions and grants receivable are reported based on non-recurring fair value measurements. Multi-year pledges are recorded at the present value of future cash flows using a discount rate, adjusted for market conditions, to estimate fair value.

Investments

Investments whose values are based on quoted market prices in active markets are classified as Level 1 assets. These investments primarily include money market funds, U.S. Treasury, and equity securities. Investments whose values are based on quoted prices in markets that are not active, and for prices obtained from comparable securities of issuers with similar credit ratings, are classified as Level 2 assets. These investments include certificates of deposits and corporate bonds. Investments whose values are based on unobservable inputs based on little or no market activity are classified as Level 3 assets. These investments include program investments held at fair value that are not traded in active markets.

The following tables set forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	NAV	Total
Short-term investments					
U.S. Treasury,					
Agency Bonds and					
Equity Securities	\$ 28,064,537	\$ -	\$ -	\$ -	\$ 28,064,537
Corporate bonds	-	34,440,238	-	-	34,440,238
Program investments at					
fair value	16,318,561	-	105,405,101	-	121,723,662
Investments pledged as					
guarantee for letter of					
credit	3,077,655	-	-	-	3,077,655
Program investments at					
NAV	-	-	-	87,710,737	87,710,737
Total					
investments					
at fair value	\$ 47,460,753	\$ 34,440,238	\$ 105,405,101	\$ 87,710,737	\$ 275,016,829

Accion holds investments measured at the net asset value (NAV). These investments do not provide redemption rights. Capital contributions and distributions, including their timing and amounts, are determined at the discretion of the fund managers. Liquidation generally occurs upon the termination of the fund, which may extend over several years. The table below summarizes these investments as of December 31, 2024.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

	<u>Fair Value</u>	<u>Unfunded Commitments</u>
Accion Frontier Inclusion Fund, LP	\$ 44,181,841	\$ -
Accion Quona Inclusion Fund, LP	24,139,795	1,084,121
Quona Accion Inclusion Fund III, L.P	5,289,464	3,936,511
Accion Digital Transformation Fund, LP	8,740,716	6,192,184
Accion Venture Lab Fund II, LP	5,347,863	9,134,420
LeapFrog Investments	<u>11,058</u>	<u>-</u>
Total investments at NAV	<u>\$ 87,710,737</u>	<u>\$ 20,347,236</u>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable inputs (Level 3) during the year ended December 31, 2024. In 2024, there were no transfers into and out of level 3 investments.

	<u>2024</u>
Beginning balance	\$ 137,334,009
Sales	(9,281,468)
Unrealized losses, net	<u>(22,647,440)</u>
Ending balance	<u>\$ 105,405,101</u>

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

The table below sets forth a summary of valuation techniques and quantitative information utilized in determining the fair value of Accion's Level 3 investments as of December 31, 2024.

<u>Investments</u>	<u>Fair Value as of December 31, 2024</u>	<u>Valuation Technique</u>	<u>Unobservable Input</u>	<u>2024 Rate</u>
Banco Solidario S.A.	\$ 69,708,826	Comparable Public Companies, Precedent Transaction Method, and Dividend Discount Model	Discount Rate and P/BV valuation multiples	Weighted price/book value (P/BV) multiple of 0.49x (0.68x, 0.53x, 0.26x)
Dvara KG FS Pte. Limited	17,402,280	Modified Discounted Cash Flow, Comparable Public Companies, and Precedent Transaction Method	Discount Rate and P/BV valuation multiples	19.9% and a weighted P/BV of 1.59x (1.97x, 0.94x and 2.13x)
Teak Tree Investments Pte. Limited	10,222,059	Modified Discounted Cash Flow	Discount Rate and P/BV valuation multiple	18.5% and 1.14x P/BV
Socremo Banco de Microfinancas SARL	3,502,770	Modified Discounted Cash Flow	Discount Rate and P/BV valuation multiple	24.1% and 1.02x P/BV
Accion Microfinance Bank (AMfB)	1,389,457	Modified Discounted Cash Flow	Discount Rate and P/BV valuation multiple	36.2% and 0.85x P/BV
UGAFODE Microfinance Ltd	2,117,262	Modified Discounted Cash Flow	Discount Rate and P/BV valuation multiples	35.2% and 1.02x P/BV
Dawn Myanmar Microfinance Pte. Limited	652,146	Modified Discounted Cash Flow	Discount Rate and P/BV valuation multiple	43.2% and 0.10x P/BV
Dvara Solutions	410,301	Comparable Public Companies	Enterprise Value/Revenue Multiple	1.70x
	<u>\$ 105,405,101</u>			

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

NOTE 5 - PROGRAM INVESTMENTS

Program Investments at December 31, 2024 consist of the following:

	<u>2024</u>
Investments in mission-related institutions with greater than 20% participation	
Banco Solidario S.A (Bolivia) (fair value)	\$ 69,708,826
Dvara KGFS Pte. Limited (India) (fair value)	17,402,280
Teak Tree Investments Pte. Limited (Cayman Islands) (fair value)	10,222,059
Socremo Banco De Microfinanças, S.A (Mozambique) (fair value)	3,502,770
UGAFODE Microfinance Ltd (Uganda) (fair value)	2,117,262
Other (various) (fair value and equity method)	<u>2,576,508</u>
	<u>105,529,705</u>
Investments in mission-related institutions with less than 20% participation (measurement exception and fair value)	
Northern Arc Capital Limited (India) (fair value)	16,318,561
Papaya Global LTD (Israel) (measurement exception)	5,454,156
Nomisma Mobile Solutions Private Limited ("ftcash") measurement exception)	4,381,304
Other (various) (measurement exception)	<u>7,414,964</u>
	<u>33,568,985</u>
Investments in mission-related non-microfinance institutions with less than 20% participation	
Accion Digital Transformation Fund, LP (Canada) (NAV)	8,740,716
Accion Frontier Inclusion Fund, LP (Cayman Islands) (NAV)	44,181,841
Accion Quona Inclusion Fund, LP (Cayman Islands) (NAV)	24,139,795
Accion Venture Lab Fund, II, LP (USA) (NAV)	5,347,863
Quona Accion Inclusion Fund III, L.P. (Cayman Islands) (NAV)	5,289,464
Other (various) (NAV and measurement exception)	<u>2,152,153</u>
	<u>89,851,832</u>
Investments in mission-related seed-stage institutions with less than 20% participation (measurement exception)	
Lula Lend Proprietary Limited (South Africa)	4,723,001
Tienda Pago Holdings Inc. (USA)	2,022,286
Other (various)	<u>13,497,502</u>
	<u>20,242,789</u>
Total program investments	<u><u>\$ 249,193,311</u></u>

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

The carrying value of equity securities without readily determinable fair values has been adjusted during the fiscal year ended December 31, 2024 as follows:

	<u>2024</u>
Carrying amount, beginning of period	\$ 75,684,145
Transfer from measurement exception to fair value	(21,316,112)
Measurement exception adjustment	(1,632,096)
Purchases	4,001,018
Sales	(13,471,160)
Write-offs	(456,826)
Impairments	<u>(3,319,116)</u>
Carrying amount, end of period	<u>\$ 39,489,853</u>

Banco Solidario S.A. ("BancoSol")

BancoSol is a private commercial bank focused on microenterprises in Bolivia. As of December 31, 2024, Accion owned 7,394,661 shares in BancoSol, representing 39.80% ownership stake and a fair value of \$69,708,826. For the year ended December 31, 2024, Accion received dividends totaling \$4,239,230 and recorded a decrease in fair market value of \$24,399,766.

Teak Tree Investments Pte. Ltd. ("Teak Tree")

Teak Tree is a holding company that indirectly owns a significant minority in two non-bank microfinance institutions in the Philippines. As of December 31, 2024, Accion owned 4,647,003 shares, representing a 40.05% ownership stake and a fair value of \$10,222,059. For the year ended December 31, 2024, Accion reported an increase of \$2,380,738 in fair market value.

Dvara Kshetriya Gramin Financial Services Private Limited ("Dvara KGFS")

Dvara KGFS is a non-banking financial institution that provides financial services in remote areas in India. The Company's mission is to maximize the well-being of individuals and enterprises in rural areas by providing access to financial services via a differentiated wealth management approach. As of December 31, 2024, Accion held 2,720,061 shares of Dvara KGFS, representing 23.32% of the total shares, and reported a decrease in fair market value of \$1,597,839.

Socremo Banco De Microfinanças, S.A ("Socremo")

Socremo is a microfinance bank in the Republic of Mozambique that provides financial products to the microfinance market and supports small and medium enterprises. Accion's investment as of December 31, 2024 represented 39.32% of Socremo's total equity shares. For the year ended December 31, 2024, Accion reported a decrease of \$371,876 in fair market value.

UGAFODE Microfinance Ltd ("Ugafode")

Ugafode is a deposit-taking microfinance institution regulated by the Central Bank of Uganda. The bank operates 23 branches across the country and offers saving and loan products, mobile banking, and money transfer services. As of December 31, 2024 Accion's investment in Ugafode includes 2,507,476 ordinary shares, representing 25.07% of Ugafode's total shares. For the year ended December 31, 2024, Accion reported an increase of \$446,435 in fair market value.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

Northern Arc Capital Limited (“Northern Arc”)

Northern Arc is a non-bank institution providing loans to microfinance institutions and other financial service providers in India. In 2024, Northern Arc Capital completed its initial public offering (IPO). Accion accounts for its investment in Northern Arc at fair market value based on quoted market prices on the Indian exchange. As of December 31, 2024, Accion's investment in Northern Arc represented 3.99% of Northern Arc's common shares. During 2024 Accion sold 1,263,965 equity shares and realized a gain of \$2,560,000 million. For the year ended December 31, 2024, Accion reported an unrealized loss of \$4,480,000 million.

Papaya Global (“Papaya”)

Papaya Global (“Papaya”) is an Israeli professional employment organization (PEO). As of December 31, 2024, Accion's investment represented 0.15% of Papaya's total shares.

Nomisma Mobile Solutions Private Limited (“ftCash”)

Incorporated in 2015 and headquartered in Mumbai, ftCash is a non-banking financial company (NBFC) that provides digital payments and working capital loans to micro, small, and medium enterprises (MSMEs) in India. The company offers both on- and off-balance sheet lending, leveraging a full-stack hardware and software platform that utilizes traditional and alternative data sources, including digital payments and inventory data from partnerships with fast-moving consumer goods companies (FMCG) to inform credit decisions.

In 2024, Accion acquired an additional 2,765 compulsorily convertible preferred shares in ftCash for USD 403,622. As of December 31, 2024, Accion held 100 equity shares and 29,914 compulsorily convertible preferred shares, representing 21.22% ownership of ftCash total shares, with a total ending value of USD 4,381,304.

Accion Digital Transformation Fund, LP (“ADTx LP”)

Accion Digital Transformation Fund, LP (an Ontario limited partnership) was formed in 2021 and commenced operations in 2022. The Partnership's objective is to achieve social impact by pursuing a venture capital strategy to invest in scaled financial institutions focused on lending to micro, small, and medium enterprises, and low-income underbanked and unbanked populations within emerging markets. In 2024, Accion invested \$3,500,000 million in ADTx LP and received \$1,000,000 million in repayments from ADTx LP.

Accion Frontier Inclusion Fund, L.P. (“AFIF”)

AFIF was launched in October 2015 and is a dedicated financial technology fund for the underbanked in emerging markets. Accion does not have the right to withdraw any portion of its capital and profits from AFIF until the end of the term on October 23, 2025. In 2024, Accion invested \$0 in AFIF.

Accion Quona Inclusion Fund, L.P. (“AQF”)

AQF was launched in 2018 and is a dedicated financial technology fund for the underbanked in emerging markets. Accion does not have the right to withdraw all or any portion of its capital and profits from AQF until the end of its term in November 23, 2028. In 2024, Accion invested \$627,880 in AQF and received \$500,964 in repayments from AQF LP.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

Quona Accion Inclusion Fund III, L.P. ("QAF")

QAF invests in companies that offer a broad array of inclusive financial services, from small business lending to consumer credit to insurance policies, with a goal of providing access to a full range of high quality, affordable financial services. In 2024, Accion invested \$1,500,000 million in QAF.

Accion Venture Lab Fund II, LP ("AVL II LP")

Accion Venture Lab Fund II, LP (a Delaware limited liability partnership) was formed in 2022 and commenced operations in 2024. The Partnership's purposes are to generate competitive financial returns and create sustainable social impact by pursuing a venture capital strategy to support successful innovations in financial inclusion and enable them to scale by making investments. In 2024, Accion invested \$7,500,000 million in AVL II LP and received \$1,600,000 million in repayments from AVL II LP.

Lula Lend Proprietary Limited (Lula Lend")

Lula Lend, provides short-term loans to small businesses in South Africa, leveraging digital platforms and data analytics. Applicants apply online, link in financial statements and other transaction data, and receive a credit decision within minutes. Upon acceptance, loans are funded within 24 hours. As of December 31, 2024, Accion's investment represented 5.19% of Lula Lend's total shares.

Tienda Pago Holdings Inc. ("Tienda Pago")

Tienda Pago is a US-based micro, small, and medium enterprise (MSME) lender that provides short-term working capital loans through a mobile platform to small store owners. They partner with major fast-moving consumer goods (FMCG) distributors to pay for inventory purchases by small store owners, who then repay Tienda Pago from their sales. As of December 31, 2024, Accion's investment represented 3.40% of Tienda Pago's total shares.

Other

Accion invests in other mission-related institutions, providing products and technologies to support microfinance development and seed-stage investment initiatives for financial inclusion start-ups. As of December 31, 2024, Accion carried these investments at the measurement exception, net of any impairment, and received no dividends from these investments.

NOTE 6 - RELATED PARTY TRANSACTIONS

Accion Venture Lab, LP ("AVL") is a fund launched in partnership with Accion. AVL invests in financial technology start-ups that improve financial access for the globally underserved. In accordance with the partnership agreement, Accion co-invests alongside AVL on an agreed pro-rata basis. AVL, GP is the general partner and Accion is the investment manager. Under the partnership agreement, Accion provided investment management services to AVL. Such amounts aggregated to \$964,540 in 2024 and were paid by the limited partners of AVL.

Accion Impact Management LLC ("AIM US") was created in partnership with Accion as an SEC Registered Investment Adviser for the purpose of managing Accion's third-party investment management activities. AIM US managed Accion's investments, and generated revenues of \$5,704,510 in 2024. Accion also provided information technology and operational support to AIM US through a shared service agreement created in 2022. Under the agreement, related costs incurred by Accion are charged to AIM US. Such amounts aggregated to \$1,111,466 in 2024. AIM US also performed programmatic work on behalf of Accion via sub-award grants in the amount of \$724,204.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

Related party transactions with AFIF and AQF are disclosed in Note 5.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Over the years, returns on program investments have enabled Accion to accumulate operating reserves which are invested in short-term investments (see Note 1). These operating reserves are used to fund new program investments and fund program expenditures in excess of Accion's yearly operating revenue. As a result, Accion's annual budget allows for a recurring deficit. Accion can draw temporarily on a bank line of credit (see Note 8) in the event short-term investments cannot be immediately liquidated. The following reflects Accion's financial assets as of the financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2024</u>
Financial assets available to meet cash needs for general expenditures or program investments within one year	<u>\$ 90,674,265</u>

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Letters of Credit

In order to obtain letters of credit used as collateral on bank loans made to affiliates globally, Accion has placed investments in certain accounts as a guarantee. These accounts are included in investments pledged as guarantee to letters of credit in the consolidated statement of financial position, in the amount of \$3,077,655.

As of December 31, 2024, Accion was contingently liable for a standby letter of credit issued as part of the sublease agreement in the amount of \$185,744.

Bank Line of Credit

At December 31, 2024, Accion had a \$30,000,000 line of credit with JPMorgan Chase Bank, N.A. ("JPMC"). The line of credit includes short-term advances made at JPMC's discretion, on mutually agreed terms periodically. As of December 31, 2024, there was no outstanding balance under the line of credit. The line of credit was renewed on January 28, 2025 with a limit of \$20,000,000.

Capital Calls

For the year ended December 31, 2024, Accion had \$20,347,236 in commitments for future capital calls related to program investments.

Other

Accion and its subsidiaries are involved in legal actions occurring in the normal course of activities. While the final outcomes cannot be determined at this time, Accion is of the opinion that the resolution of these legal actions will not have a material effect on Accion's consolidated statement of financial position.

A subsidiary of Accion has an ongoing dispute with the Tax Authority of India. While the final outcomes cannot be determined at this time, Accion is of the opinion that a loss associated with this dispute is unlikely to occur and cannot be reasonably estimated to be recorded in the financial statements.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

Operating Leases

Accion leases office space in various countries in which they operate. These leases expire over periods ranging from March 2025 through March 2029. The remaining net minimum payment obligation under these leases is as follows:

2025	\$ 1,116,603
2026	857,492
2027	256,862
2028	272,826
2029	<u>287,099</u>
 Total	 <u>\$ 2,790,881</u>

In 2021, Accion subleased the Cambridge, MA office for the remainder of the lease, ending in 2025. Future rent receivables from the subleasing agreement amounts to \$313,863 at December 31, 2024. Total rent expense was \$1,019,235 for the year ended December 31, 2024.

NOTE 9 - EMPLOYEE BENEFIT PLAN

Accion has established a defined contribution retirement plan which is available to substantially all salaried employees. Accion's contribution to this plan is based on a percentage of participant salaries and totaled \$1,017,973 in 2024.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions have been restricted by donors to be used in a specific time period, for a specific location, or scope of work. Net assets with donor restrictions are available as of December 31, 2024 for the following purposes:

	<u>2024</u>
Global programs	\$ 12,997,539
Global investments	1,696,349
Fundraising	1,041,307
Center for financial inclusion	<u>2,077,213</u>
 Total	 <u>\$ 17,812,408</u>

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Accion to concentrations of credit risk are investments, cash equivalents, and other interest-bearing investments. In addition, one institutional donor represented 93.81% of grants receivable as of December 31, 2024.

ACCION International and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

NOTE 12 - SUBSEQUENT EVENTS

Management has reviewed the Organization's operations for potential disclosure or financial statement impacts related to events occurring after December 31, 2024 through August 8, 2025, the date the consolidated financial statements are available to be issued.