

# Population Services International

**Consolidated Financial Statements**  
Years Ended December 31, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **Population Services International**

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**Consolidated Financial Statements**  
Years Ended December 31, 2024 and 2023

# Population Services International

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## Independent Auditor's Report

Board of Directors  
Population Services International  
Washington, D.C.

### *Opinion*

We have audited the consolidated financial statements of the **Population Services International** (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, 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 2023, 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 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 Consolidated 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 Consolidated Financial Statements*

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

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



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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 consolidated 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 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.

*BDO USA, P.C.*

June 30, 2025

## **Consolidated Financial Statements**

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# Population Services International

## Consolidated Statements of Financial Position

December 31,	2024	2023
<b>Assets</b>		
Cash and cash equivalents (notes 2c and 3)	\$ 78,041,254	\$ 110,455,354
Investments (notes 2e and 4)	30,709,467	29,095,014
Trade receivables, net of allowance for expected credit losses (note 2f)	12,211,909	11,347,829
Interest rate swap (note 10)	2,511,975	1,768,827
Grants and contracts receivable, net (notes 2g and 5)	20,966,591	26,837,681
Inventory (note 2h)	25,045,966	30,712,126
Advances to third-party recipients (note 2i)	14,568,681	10,404,875
Prepaid expenses (note 2i)	6,247,114	5,886,354
Other assets (note 2i)	9,082,629	12,213,345
Contributions receivable (notes 2o)	1,530,020	2,384,240
Due from independent network members	769,770	1,204,447
Operating leases right of use assets (note 2v and 11)	3,824,515	3,926,010
Property and equipment, net (notes 2j, 2k, 6, 11, and 12)	49,916,932	46,990,545
<b>Total assets</b>	<b>\$ 255,426,823</b>	<b>\$ 293,226,647</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 6,902,761	\$ 7,165,269
Accrued expenses	10,796,381	8,083,391
Accrued wages and benefits (note 7)	19,003,166	22,834,369
Refundable grant and fee advances (notes 2p and 5)	89,545,642	112,319,718
Deferred commodities (note 2h)	12,152,397	19,927,219
Refundable program income (note 2q)	9,830,408	15,185,822
Operating lease liabilities (note 11)	3,700,832	3,704,690
Bonds and notes payable (note 9)	34,640,209	35,562,845
<b>Total liabilities</b>	<b>186,571,796</b>	<b>224,783,323</b>
Commitments and contingencies (notes 2d, 7, 8, 9, and 11)		
<b>Net assets</b>		
Without donor restrictions (note 2l)	56,142,220	55,367,644
With donor restrictions (note 2l)	12,712,807	13,075,680
<b>Total net assets</b>	<b>68,855,027</b>	<b>68,443,324</b>
<b>Total liabilities and net assets</b>	<b>\$ 255,426,823</b>	<b>\$ 293,226,647</b>

*See accompanying notes to the consolidated financial statements.*

# Population Services International

## Consolidated Statements of Activities

<i>For the years ended December 31,</i>	2024			2023		
	Without donor restrictions	With donor restrictions	Totals	Without donor restrictions	With donor restrictions	Totals
Revenue and other support:						
Grants, fees, donated commodities, program income, and other support from:						
U.S. government	\$ 129,558,752	\$ -	\$ 129,558,752	\$ 189,026,142	\$ -	\$ 189,026,142
Non-U.S. governments	24,595,963	-	24,595,963	31,461,633	-	31,461,633
International organizations	73,491,123	-	73,491,123	50,302,466	-	50,302,466
Social business sales (note 2r)	38,449,298	-	38,449,298	40,658,862	-	40,658,862
Foundations, corporations and others	45,620,701	-	45,620,701	45,809,854	-	45,809,854
Contributions (note 2o)	1,156,287	2,952,798	4,109,085	1,455,109	4,008,922	5,464,031
Contributions In-Kind (note 2s)	1,424,107	-	1,424,107	624,960	-	624,960
Total grants, fees, program income, donated commodities, and other support	314,296,231	2,952,798	317,249,029	359,339,026	4,008,922	363,347,948
Investment return	3,987,123	-	3,987,123	4,122,911	-	4,122,911
Net assets released from restrictions	3,315,671	(3,315,671)	-	3,591,211	(3,591,211)	-
Total revenue, gains, and other support	321,599,025	(362,873)	321,236,152	367,053,148	417,711	367,470,859
Expenses:						
Program services	290,467,924	-	290,467,924	329,439,503	-	329,439,503
Management and general	29,361,421	-	29,361,421	36,958,697	-	36,958,697
Fundraising	1,068,654	-	1,068,654	1,351,285	-	1,351,285
Total expenses	320,897,999	-	320,897,999	367,749,485	-	367,749,485
Change in net assets before commercial rent, foreign currency (loss) gain, and gain (loss) on interest rate swap	701,026	(362,873)	338,153	(696,337)	417,711	(278,626)
Commercial rental income	2,774,045	-	2,774,045	2,604,664	-	2,604,664
Commercial rental expense	(2,656,486)	-	(2,656,486)	(2,435,059)	-	(2,435,059)
Realized foreign currency transaction (loss) gain (note 2n)	(455,333)	-	(455,333)	1,415,437	-	1,415,437
Unrealized foreign currency translation (loss) gain (note 2n)	(331,824)	-	(331,824)	(532,615)	-	(532,615)
Gain (loss) on interest rate swap (note 10)	743,148	-	743,148	(263,991)	-	(263,991)
Change in net assets	774,576	(362,873)	411,703	92,099	417,711	509,810
Net assets, beginning of year	55,367,644	13,075,680	68,443,324	55,275,545	12,657,969	67,933,514
Net assets, end of year	\$ 56,142,220	\$ 12,712,807	\$ 68,855,027	\$ 55,367,644	\$ 13,075,680	\$ 68,443,324

*See accompanying notes to the consolidated financial statements.*

## Population Services International

### Consolidated Statement of Functional Expenses

For the Year ended December 31, 2024

	Supporting Services				Commercial Building	Totals 2024
	Program Services	Management and General	Fundraising	Total		
Salaries and related expenses	\$ 77,568,553	\$ 19,905,649	\$ 946,272	\$ 20,851,921	\$ -	\$ 98,420,474
Travel	10,664,430	503,831	37,524	541,355	-	11,205,785
Consultants and contracts	21,092,982	2,004,752	68,127	2,072,879	-	23,165,861
Furniture and equipment	3,861,909	1,037,192	204	1,037,396	-	4,899,305
Commodities	69,480,102	-	-	-	-	69,480,102
Subrecipients	72,211,255	579,473	-	579,473	-	72,790,728
Promotions and advertising	8,279,180	1,038	-	1,038	-	8,280,218
Office costs	11,645,198	4,042,417	10,189	4,052,606	1,895,547	17,593,351
Other direct and indirect costs	15,477,394	122,320	6,338	128,658	-	15,606,052
Total expenses before depreciation and amortization	290,281,003	28,196,672	1,068,654	29,265,326	1,895,547	321,441,876
Depreciation and amortization	186,921	1,164,749	-	1,164,749	760,939	2,112,609
Total expenses	\$ 290,467,924	\$ 29,361,421	\$ 1,068,654	\$ 30,430,075	\$ 2,656,486	\$ 323,554,485

*See accompanying notes to the consolidated financial statements.*

## Population Services International

### Consolidated Statement of Functional Expenses

For the Year ended December 31, 2023

	Program Services	Supporting Services			Commercial Building	Totals 2023
		Management and General	Fundraising	Total		
Salaries and related expenses	\$ 88,931,564	\$ 25,050,276	\$ 1,033,251	\$ 26,083,527	\$ -	\$ 115,015,091
Travel	13,417,261	861,186	64,126	925,312	-	14,342,573
Consultants and contracts	20,717,885	2,450,106	220,117	2,670,223	-	23,388,108
Furniture and equipment	3,379,510	890,744	45	890,789	-	4,270,299
Commodities	51,527,692	(21)	-	(21)	-	51,527,671
Subrecipients	102,035,657	517,051	-	517,051	-	102,552,708
Promotions and advertising	11,312,296	7,777	-	7,777	-	11,320,073
Office costs	11,667,152	5,469,776	9,822	5,479,598	1,736,597	18,883,347
Other direct and indirect costs	26,282,225	349,272	23,924	373,196	-	26,655,421
<b>Total expenses before depreciation and amortization</b>	<b>329,271,242</b>	<b>35,596,167</b>	<b>1,351,285</b>	<b>36,947,452</b>	<b>1,736,597</b>	<b>367,955,291</b>
Depreciation and amortization	168,261	1,362,530	-	1,362,530	698,462	2,229,253
<b>Total expenses</b>	<b>\$ 329,439,503</b>	<b>\$ 36,958,697</b>	<b>\$ 1,351,285</b>	<b>\$ 38,309,982</b>	<b>\$ 2,435,059</b>	<b>\$ 370,184,544</b>

*See accompanying notes to the consolidated financial statements.*

# Population Services International

## Consolidated Statements of Cash Flows

For the years ended December 31,	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 411,703	\$ 509,810
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Depreciation and amortization	2,112,609	2,229,253
Change in allowance for grant receivables	1,243,048	295,567
Change in allowance for expected credit losses	215,269	(315,408)
Bad debt (recovery) expense	(823,069)	143,132
Realized and unrealized (gains) losses on investments, net	(1,851,523)	(2,418,955)
Stock received in lieu of cash payment	(456,177)	(519,526)
Gain (loss) on interest rate swap	(743,148)	263,991
Operating leases right of use assets	101,495	(223,626)
Change in assets and liabilities		
Trade receivables	(1,273,970)	(2,904,110)
Grants and contracts receivable	5,645,732	13,226,116
Inventory	5,666,160	1,083,467
Advances, prepaid expenses, and other assets	(1,799,859)	6,649,025
Contributions receivable	854,220	775,569
Due from independent network members	434,677	596,298
Accounts payable and accrued expenses	2,450,482	(1,438,357)
Accrued wages and benefits	(3,831,203)	524,538
Refundable grant and fee advances	(22,774,076)	17,913,407
Deferred commodities	(7,774,822)	1,018,711
Refundable program income	(5,355,414)	(1,794,173)
Operating lease liabilities	(3,858)	272,920
Net cash (used in) provided by operating activities	(27,551,724)	35,887,649
Cash flows from investing activities:		
Purchases of property and equipment	(4,632,987)	(1,649,780)
Purchases of investments	(12,628,110)	(7,443,448)
Proceeds from sales and maturity of investments	13,321,357	12,179,073
Net cash (used in) provided by investing activities	(3,939,740)	3,085,845
Cash flows from financing activities:		
Repayments on notes payable	(922,636)	(889,808)
Net cash used in financing activities	(922,636)	(889,808)
Net (decrease) increase in cash and cash equivalents	(32,414,100)	38,083,686
Cash and cash equivalents, beginning of year	110,455,354	72,371,668
Cash and cash equivalents, end of year	\$ 78,041,254	\$ 110,455,354
Supplemental data		
Cash paid for interest	\$ 1,140,139	\$ 1,035,391

*See accompanying notes to the consolidated financial statements.*

# Population Services International

## Notes to Consolidated Financial Statements

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### 1. Organization and Programs

Population Services International and its affiliates (hereafter PSI) is a 501(c)(3) nonprofit organization incorporated in the Commonwealth of North Carolina, United States of America. Founded in 1970, PSI makes it easier for all people to lead healthier lives and plan the families they desire. PSI focuses on global health, including the areas of sexual and reproductive health, malaria, HIV/AIDS, water, sanitation, and hygiene. PSI approaches care from the consumers' perspective, providing life-saving information, products, and services to tackle some of the world's most pressing health problems so that people can lead healthier, happier, and more productive lives. PSI aims to make universal health coverage more of a reality, by improving the market for products and services, and by developing solutions that are affordable, convenient, and effective.

PSI operates in over 40 countries worldwide using a variety of organizational structures as determined by local laws and customs. These organizational structures include locally registered branch offices and nongovernmental organizations (NGOs), as well as locally incorporated for-profit entities and charitable trusts, as appropriate. These subsidiaries and affiliates operating in foreign countries are subject to the tax laws of the respective countries in which they operate.

The consolidated financial statements also include the financial position and the results of operations of PSI's wholly-owned for-profit subsidiary, d.b.a. Prudence, LLC (Prudence), which was incorporated in the District of Columbia in April 2007. Prudence was organized to own and operate the building which is secured by long-term debt on the property where PSI's headquarters are located at 1120 19th Street, N.W. in Washington, D.C.

### 2. Summary of Significant Accounting Policies

#### *(a) Basis of Accounting*

The accompanying consolidated financial statements of PSI are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting, whereby revenue and support are recognized when earned and expenses are recognized when incurred.

#### *(b) Principles of Consolidation*

The consolidated financial statements include the accounts of PSI and its network members worldwide, collectively referred to hereafter as PSI, where PSI has control through the following: either a majority voting interest in the Board of Directors or a majority source of funding. All significant intercompany balances and transactions have been eliminated in consolidation.

# Population Services International

## Notes to Consolidated Financial Statements

The consolidated financial statements include operations in the following countries:

<b>Country</b>	<b>Legal Name of Entity<sup>1</sup></b>
Angola	<i>PSI Angola</i>
Benin	<i>Association Béninoise pour le Marketing Social (ABMS)</i>
Benin	<i>PSI Benin</i>
Burundi	<i>PSI Burundi</i>
Cambodia	<i>PSI Cambodia</i>
Cameroon	<i>Association Camerounaise pour le Marketing Social (ACMS)<sup>2</sup></i>
Costa Rica	<i>Proyectos en Salud Integral, Sociedad Anónima (PSI S.A.)</i>
Cote d'Ivoire	<i>PSI Cote d'Ivoire</i>
Democratic Republic of Congo	<i>PSI DRC</i>
Dominican Republic	<i>Society for Family Health - Dominican Republic</i>
El Salvador	<i>Organización Panamericana de Mercadeo Social de El Salvador, Sociedad Anónima de Capital Variable (PASMO DE EL SALVADOR S.A. DE CV)</i>
El Salvador	<i>Asociación Panamericana de Mercadeo Social (Asociación PASMO El Salvador)</i>
El Salvador	<i>PSI El Salvador</i>
Eswatini	<i>PSI Eswatini</i>
Ethiopia	<i>PSI Ethiopia</i>
Ethiopia	<i>PSI Ethiopia IGA</i>
Ghana	<i>PSI Ghana</i>
Guatemala	<i>Organización de Mercadeo Social (Guatemala), Sociedad Anónima (PASMO S.A.)</i>
Guatemala	<i>PSI Guatemala</i>
Guatemala	<i>Franquicias para el Bienestar CMRS, Sociedad Anónima</i>
Honduras	<i>PSI Honduras</i>
Honduras	<i>Organización Panamericana de Mercadeo Social (Honduras) S.A. de C.V.</i>
India	<i>PSI India IPL</i>
Kenya	<i>PSI Kenya</i>
Kenya	<i>Vive Kenya</i>
Laos	<i>PSI Laos</i>
Lesotho	<i>PSI Lesotho</i>
Liberia	<i>PSI Liberia</i>
Madagascar	<i>PSI Madagascar</i>
Malawi	<i>PSI Malawi</i>
Mali	<i>PSI Mali</i>
Mozambique	<i>PSI Mozambique</i>
Myanmar	<i>PSI Myanmar</i>
Nepal	<i>PSI Nepal</i>
Nicaragua	<i>Organización Panamericana de Mercadeo Social Sociedad Anónima (PASMO S.A.) Nicaragua</i>
Nicaragua	<i>PSI Nicaragua</i>
Niger	<i>PSI Niger</i>
Nigeria	<i>PSI Nigeria</i>
Pakistan	<i>PSI Pakistan</i>
Panama	<i>Organización Panamericana de Mercadeo Social Sociedad Anónima (PASMO S.A.) Panama</i>

# Population Services International

## Notes to Consolidated Financial Statements

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Country	Legal Name of Entity <sup>1</sup>
Paraguay	<i>PSI Paraguay Sociedad Anónima</i>
Somaliland	<i>PSI Somaliland</i>
Sierra Leone	<i>PSI Sierra Leone</i>
South Africa	<i>PSI South Africa</i>
South Africa	<i>Society for Family Health South Africa</i>
Tanzania	<i>PSI Tanzania</i>
Vietnam	<i>PSI Vietnam</i>
Zambia	<i>Society for Family Health Zambia<sup>3</sup></i>
Zimbabwe	<i>PSI Zimbabwe</i>

<sup>1</sup> *PSI's negotiated indirect cost rate (NICRA) is applied to these controlled entities.*

<sup>2</sup> *Association Camerounaise pour Marketing Social (ACMS) was deconsolidated in 2023.*

<sup>3</sup> *Society for Family Health Zambia ended programmatic activities in 2021.*

### (c) **Cash and Cash Equivalents**

Cash and cash equivalents total \$78,041,254 and \$110,455,354 at December 31, 2024 and 2023, respectively, and includes \$14,146,401 and \$17,521,906 of money market accounts and liquid investments with original maturities of three months or less.

PSI places its cash and cash equivalents in the United States with high credit quality financial institutions that are federally insured for \$250,000 for each bank, under the Federal Deposit Insurance Corporation Act (FDIC). Amounts held in excess of the FDIC limits were \$42,198,648 for the year ended December 31, 2024. PSI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

### (d) **Financial Risks**

PSI has operations in many countries throughout the world and therefore is subject to varying levels of political and economic volatility across those operations. As a result, PSI may have financial risks associated with these operations including, but not limited to, such matters as the assessment of additional local taxes and foreign currency risk.

PSI limits financial risk of cash held in foreign countries by funding foreign operations on a two-to-four-week cycle and using preferred banking partners where possible. Foreign currency exchange rate movements create a degree of risk by affecting the U.S. dollar value of revenues recognized and expenses incurred in foreign currencies. Movements in foreign currency rates also affect consolidated statements of financial position balances denominated in foreign currencies, thereby creating exposure to movements in exchange rates.

**Population Services International**  
**Notes to Consolidated Financial Statements**

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**(e) Investments**

Investments are measured and reported at fair value or at the net asset value (NAV) in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurements* (ASC 820). Dividends and interest are reflected as income when earned.

Investments in equity and fixed income mutual funds and fixed income securities are measured and reported at fair value. The fair value of fixed income securities and institutional mutual funds with a readily determinable fair value is based on quotations obtained from national security exchanges.

Investments in hedge funds are measured and reported at NAV determined by the fund's management. The practical expedient guidance contained in ASC 820 permits the use of NAV without adjustment under certain circumstances, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. In accordance with FASB Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, NAV in many instances may not equal fair value that would be calculated pursuant to ASC 820.

Donated stocks are reported at their fair value as of the date of donation and are immediately liquidated upon receipt. Sales are reflected on a trade-date basis.

**(f) Trade Receivables**

Trade receivables arise from the sale of commodities. These balances are receivable in less than one year and are carried at undiscounted cost, less an allowance for any current expected credit losses. Current expected credit losses are recorded when circumstances indicate collection is doubtful for particular accounts receivable or as a general reserve for all accounts receivable. Accounts receivable are written off if reasonable collection efforts prove unsuccessful. Allowance for credit loss expense is reflected as a nonoperating expense on the consolidated statements of activities when allowances on accounts receivable are increased or when accounts written off exceed available allowances.

The amounts due from the sales of commodities consist of the following as of December 31:

<i>December 31,</i>	<b>2024</b>	<b>2023</b>
Trade receivables	\$ 13,310,604	\$ 12,231,255
Less current expected credit losses	(1,098,695)	(883,426)
	\$ 12,211,909	\$ 11,347,829

**Population Services International**  
**Notes to Consolidated Financial Statements**

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**(g) Grants and Contracts Receivable**

PSI receives funding from grants and contracts received from U.S. and foreign governments, international organizations, and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through the performance of program activities and (or) from incurring qualifying expenses for programs. These balances are receivable in less than one year and are carried at undiscounted cost, less an allowance for doubtful accounts. An allowance for doubtful accounts is provided based upon management's judgment including such factors as prior collection history. The allowance for doubtful accounts totaled \$1,799,276 and \$3,042,324 for the years ended December 31, 2024 and 2023, respectively.

**(h) Inventory**

PSI has products such as condoms, long-lasting insecticide-treated nets (LLINs), and family planning products held for program distribution or resale. These products are either purchased from vendors or received as contributions from grantors. Inventory is carried at the lower of cost or market value using the first in, first out method. Inventory as of December 31, 2024 and 2023 does not include obsolete inventory. In countries where PSI Social Businesses operate, unrestricted funds are used to purchase inventory from vendors for the purpose of resale.

Inventory held consisted of the following:

<i>December 31,</i>	<b>2024</b>	<b>2023</b>
Inventory from grantors	\$ 12,152,397	\$ 19,927,219
Social Business inventory	12,893,569	10,784,907
	<b>\$ 25,045,966</b>	<b>\$ 30,712,126</b>

A deferred commodity balance exists for all donor-funded inventory purchased or donated that has not yet been distributed. Deferred commodities totaled \$12,152,397 and \$19,927,219 for the years ended December 31, 2024 and 2023, respectively.

**(i) Advances, to Third Party Recipients Prepaid Expenses, and Other Assets**

Advances to third party recipients consist primarily of advances to PSI subgrantees for future program implementation and to PSI employees to cover future travel expenses. Prepaid expenses and other assets consist primarily of funds provided to contractors to meet future obligations.

**(j) Property and Equipment**

PSI capitalizes property and equipment with a cost of \$5,000 or more. Property and equipment are stated at cost if acquired by PSI, or at estimated fair value if donated. The buildings are depreciated over the useful life of 39 years. Equipment includes computers, software, vehicles, furniture, and fixtures and is depreciated on a straight-line basis over estimated useful lives ranging from three to seven years. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful lives of the assets. Land is not depreciated or amortized. Repairs and maintenance are charged to expense when incurred. In accordance

# Population Services International

## Notes to Consolidated Financial Statements

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with contractual disposition guidelines, certain equipment acquired for direct use in programs is expensed in the year of acquisition, as disposition is determined by the grantor upon program termination. If property and equipment is transferred to PSI upon program termination, the asset is stated at fair market value.

**(k) Impairment of Long-Lived Assets**

PSI reviews asset carrying amounts annually in addition to whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, charged to the consolidated statements of activities, to its current fair value. No impairment loss has been recognized at December 31, 2024 or 2023.

**(l) Net Assets**

In accordance with the provisions of ASC 958-605 *Not-for-Profit Entities - Presentation of Financial Statements*, PSI presents information regarding its consolidated financial position and activities in two classes of net assets:

- *Without donor restrictions* - Net assets not subject to any donor-imposed stipulations.
- *With donor restrictions* - Net assets subject to donor-imposed stipulations. This includes net assets where the stipulations are expected to be met either by actions of PSI and/or the passage of time and net assets where the principal amount must be maintained in perpetuity.

When a purpose restriction is met or a stipulated time restriction ends, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the consolidated statements of activities as net assets released from restrictions.

PSI's net assets include the following as of December 31:

	2024	2023
Undesignated - Without donor restrictions	\$ 56,142,220	\$ 55,367,644
Restricted for specific purposes - With donor restrictions	12,712,807	13,075,680
	<b>\$ 68,855,027</b>	<b>\$ 68,443,324</b>

**(m) Financial Instruments and Credit Risk**

Financial instruments which potentially subject PSI to concentrations of credit risk consist principally of investments held at credit worthy financial institutions. By policy, these investments are kept within limits designed to prevent risks caused by concentration. Credit risk with respect to grants and contracts receivable is mitigated by PSI, by creating allowances for uncollectible accounts and by the fact that most of the receivable balances are either from government grants or from donors with long standing relationships with PSI. PSI considers the credit risk with respect to grant receivables to be limited due to payment history, diversity and relationship with the vendors, and the individual size of the receivables.

# Population Services International

## Notes to Consolidated Financial Statements

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The grants, fees and program income which support program activities come primarily from both federal and foreign governments, as well as from large domestic and international donors with longstanding relationships with PSI. Approximately 51% of PSI's revenues in 2024 resulted from grants and contracts with two parties, including the U.S. government. Approximately 55% of PSI's revenues in 2023 resulted from grants and contracts with two parties, including the U.S. government. At December 31, 2024 and 2023, approximately 47% and 46% of grants and contracts receivable, respectively, were from these parties.

Investments are exposed to risks, such as interest rate, market, and credit. Due to the level of risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the fair value of investments reported in the consolidated statements of financial position.

### **(n) Foreign Currency Translation**

The functional currency for U.S. activities is the U.S. dollar. The functional currency for foreign activities is the respective local currency. Gains and losses resulting from the translation of local (foreign) currency amounts to the functional currency are included in foreign currency translation losses in the consolidated statements of activities. Gains and losses resulting from translating assets and liabilities from the functional currency to U.S. dollars are included as a component of net assets without donor restrictions.

All elements of the consolidated financial statements reflecting PSI's operations in foreign countries are translated into U.S. dollars using applicable exchange rates. For assets and liabilities, this is the rate in effect at the date of the consolidated statements of financial position. The cumulative translation adjustment is reported as a component of net assets without donor restrictions within the consolidated statements of financial position.

For revenue and expense items, translation is performed using the monthly average exchange rate of the previous month. Realized gains and losses related to the monthly translation are reported as foreign currency transaction gains (losses) within the consolidated statements of activities.

### **(o) Contributions Revenue and Receivable**

Contributions, which include unconditional promises to give, are accounted for in accordance with ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). Contribution revenue is recognized as revenues in the period received or when the promise is made, if earlier, net of an allowance for any estimated uncollectible amounts. Contributions receivable are discounted to present value if the due date extends beyond one year.

Unconditional promises to give at December 31, 2024 and 2023 were \$1,530,020 and \$2,384,240, respectively and are considered fully collectible within three years. As of December 31, 2024 and 2023, there were no conditional promises to give. The discount related to the long-term portion of the contributions receivable balance was not considered material by management. There are no contributions receivable that are considered to be uncollectible at December 31, 2024 or 2023, respectively. When donor restrictions are met by actions of PSI and/or the passage of time, related net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

# Population Services International

## Notes to Consolidated Financial Statements

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### **(p) Grants and Contracts**

In accordance with ASU 2018-08, government grants and contracts that PSI receives are primarily considered to be contribution transactions, the majority of which are cost-reimbursable grants. PSI has elected the “simultaneous release” accounting policy option such that grants received and used within the same period are reported in net assets without donor restriction. Revenue, including approved indirect cost recovery, is recognized when qualified expenditures are incurred, or a milestone or other deliverable is satisfied and conditions or the grant agreement are met.

PSI’s U.S. government revenues are derived largely from awards with U.S. Agency for International Development (USAID), Centers for Disease Control (CDC) and the Department of Defense (DoD). These grants and contracts include provisions relating to the reimbursement of direct costs and indirect expenses at provisional rates. The recoveries billable during the year at the provisional rates are adjusted at year-end based on the final actual indirect cost rates for the year. Any variance between the actual indirect cost rate and the final negotiated indirect cost rate is recorded as an adjustment to revenue in the year the final rate is negotiated.

Allowable expenses incurred in excess of cumulative reimbursements are reported as grants and contracts receivable. Cash received in excess of allowable expenditures is reported as refundable donor advances.

At December 31, 2024 and 2023, PSI had remaining available award balances on grants and contracts for sponsored projects of approximately \$555.7 million and \$540.3 million, respectively. These award balances are not recognized as assets and will be recognized as revenue as the underlying projects progress and conditions are met, generally as expenses are incurred.

PSI has awarded conditional grants to subrecipients related to performance of these sponsored projects, which have outstanding commitments of approximately \$72.1 million and \$84.1 million as of December 31, 2024 and 2023, respectively.

PSI also receives commodities directly from contracting agencies and private donors in lieu of funds to purchase goods and services from third parties. The receipt of commodities is recorded as inventory at replacement cost value and deferred commodities revenue when received, and commodities are expensed when sold or distributed.

### **(q) Refundable Program Income**

As a part of PSI’s delivery of its programs, family planning and other health-related products are obtained from sponsors. These products are subsequently sold in those countries where the programs operate.

When third-party funds are used to procure health products, PSI acts in a fiduciary capacity for the sale of products related to the programs. The proceeds from these sales are collected by PSI and are typically available only for reinvestment in local in-country programs, based on award provisions with the donor. PSI records these proceeds as refundable program income and recognizes revenue when the proceeds are spent on program-related expenses in accordance with the terms of the contract. Unexpended amounts held by the projects are presented in the consolidated statements of financial position as refundable program income.

# Population Services International

## Notes to Consolidated Financial Statements

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**(r) Social Business Sales**

PSI engages in for-profit activities in line with PSI's mission in several countries referred to as Social Business activities. These activities are considered exchange transactions under ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and recognized at a point in time when the transaction occurs. Social Business sales revenue and cost of goods sold are recognized at the time the products are sold.

**(s) In-Kind Contributions**

PSI receives various forms of contributed non-financial assets contributions including media, facility usage, donated goods and equipment, and in-kind services. In-Kind contributions are recognized as revenue and as expenses or assets, at the fair value of those services, goods or supplies when provided to and/or paid on behalf of PSI's program. It is PSI's policy that In-Kind contributions are not sold and goods and equipment are only distributed for program services.

Contributions of non-financial assets included in the consolidated statements of activities are comprised of the following for the years ended December 31:

Category	Valuation Techniques and Inputs	2024	2023
Office and Other Costs	Estimated prices of identical or similar products when purchased in the region	699,457	2,203
Professional services	Standard industry pricing for similar services	494,299	358,557
Rental	Estimated prices of identical or similar products when rented or purchased in the region	230,351	254,660

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PSI receives donated commodities that support programs for general public good and may be distributed through sales. Surplus from distribution is redirected in line with the associated programmatic goals, and non-distributed commodities are required to be returned to the donor. Donated commodities, valued at fair market value using the actual purchase cost when available or estimated using a recent actual purchase cost of a close proxy, have been reflected in the consolidated statements of activities within grants, fees and donated commodities revenue. PSI received \$16,703,034 and \$15,891,231 of donated commodities for the years ended December 31, 2024 and 2023, respectively.

# Population Services International

## Notes to Consolidated Financial Statements

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### (t) *Functional Expenses*

Operating expenses are allocated to program and support categories based on separate activity types as defined below. PSI accounts for its functional expenditures in the following categories:

- *Program services:* Expenditures related to the broad spectrum of activities and actions critical to advancing PSI's mission, which includes expenditures related to ensure universal access to sexual and reproductive health services, increasing access to effective malaria prevention and to affordable water, sanitation, and hygiene products and services, bringing healthcare for HIV and TB to those who need it as well as expenditures related to prevent cervical cancer, cardiovascular disease, and other non-communicable diseases.
- *Management and general:* Expenditures related to building and maintaining an efficient business infrastructure which provides overall support and direction for PSI.
- *Fundraising:* Expenditures related to fund-raising strategies that provide the revenue for operations to further PSI's mission.
- *Commercial Building:* Expenditures related to the tenant-occupied portion of the building owned by PSI where its headquarters is located.

The costs of providing programs and other activities have been summarized on a natural and functional basis in the consolidated statements of activities. Expenses that can be identified directly to a program and support service are charged according to their natural expenditure classifications. Management and general expenses include those costs that are not directly identifiable with any specific function. Certain expenses are attributable to more than one functional expense category and require allocation on a reasonable basis that is consistently applied. Some direct country costs not readily attributable to a single project including rent and administrative support are allocated based on approved cost drivers indicative of level of efforts.

### (u) *Income Taxes*

PSI is recognized as exempt from federal income taxes, other than net unrelated business income, under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation under Section 509(a)(1). PSI earns unrelated business income in connection with the operations of its wholly-owned for profit subsidiary, Prudence. PSI pays a nominal amount of income tax relating to the revenue from debt-financed property. In addition, some of the foreign operations of PSI are subject to local income tax in the jurisdictions where they operate, and certain cross-border payments are subject to foreign withholding taxes. PSI has filed for and received income tax exemptions in the various U.S. jurisdictions where it is required to do so. PSI files the Federal Form 990 tax return with the U.S. and with various states.

PSI has adopted the provisions of ASC 740-10, *Income Taxes* (ASC 740-10). Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The implementation of ASC 740-10 had no impact on PSI's consolidated financial statements.

# Population Services International

## Notes to Consolidated Financial Statements

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PSI does not believe there are any unrecognized tax benefits that should be recorded. PSI is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2021.

There were no material interest or penalties recorded for the years ended December 31, 2024 and 2023, respectively.

The effects of a tax position cannot be recognized in the consolidated financial statements unless it is “more-likely-than-not” to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that PSI is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit.

### **(v) Leases**

Leases arise from contractual obligations that convey the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At the inception of the contract, PSI determines if an arrangement contains a lease based on whether there is an identified asset and whether PSI controls the use of the identified asset. PSI also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents PSI’s right to use an underlying asset and a lease liability represents PSI’s obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement.

PSI’s lease terms may include options to extend or terminate the lease. PSI generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that PSI will exercise those options. PSI’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a matter of policy, PSI elected to exclude leases with terms of 12 months or less (short-term) from the consolidated statement of financial position. Short-term lease expense is recognized on a straight-line basis over the expected term of the lease.

### **(w) Use of Estimates**

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

# Population Services International

## Notes to Consolidated Financial Statements

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### (x) *Accounting Pronouncements Not Yet Adopted*

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (Topic 820)*. This ASU was issued to clarify the guidance in Topic 820, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security. The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. This amendment also requires the following disclosures for equity securities subject to contractual sale restrictions: (1) the fair value of equity securities subject to contractual sale restrictions reflected in the statement of financial position; (2) the nature and remaining duration of the restriction(s); and (3) the circumstances that could cause a lapse in the restriction(s). ASU 2022-03 is effective date is for fiscal year ends beginning after December 15, 2024. The ASU should be applied prospectively and any adjustments from adoption should be recognized in earnings and disclosed on the date of adoption. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

In March 2024, the FASB issued ASU 2024-02, *Codification Improvements - Amendments to Remove References to the Concept Statements*. This update contains amendments to the codification that remove references to various Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. In other instances, the references were used in prior Statements to provide guidance in certain topical areas. This update is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*. This requires organizations to provide additional, disaggregated disclosures for income taxes paid, along with information about income from continuing operations before income tax expense on a disaggregated basis. Certain other disclosure requirements were eliminated. This update is effective for annual periods beginning after December 15, 2025. Early adoption is permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

PSI has assessed other accounting pronouncements issued or effecting during the years ended December 31, 2024 and 2023, and deemed they were not applicable to PSI and are not anticipated to have a material effect on the consolidated financial statements.

### 3. Funds Maintained in Foreign Accounts

Certain items are reflected in the consolidated statements of financial position, including cash and cash equivalents of \$11,032,002 and \$12,477,329 in local currencies at December 31, 2024 and 2023, respectively, and \$24,012,428 and \$14,767,370 in U.S. dollars, Canadian dollars, British Pounds, or Euros at December 31, 2024 and 2023, respectively are maintained at financial institutions in foreign countries. For financial reporting purposes, the year-end foreign currency balances are translated into U.S. dollars using current exchange rates in effect at the date of the consolidated statements of financial position.

# Population Services International

## Notes to Consolidated Financial Statements

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### 4. Fair Market Value of Financial Instruments

ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as PSI would use in pricing PSI's asset or liability based on independently derived and observable market data.

The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

**Level 1** - Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

**Level 2** - Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

**Level 3** - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

In determining the appropriate leveling, PSI performs a detailed analysis of the assets and liabilities that are subject to the codification provisions of ASC 820. PSI applies the practical expedient guidance contained in ASC 820 to determine the fair value for some of its investments at the NAV reported by the fund management. As of December 31, 2024, PSI had no plans to sell investments at amounts different from NAV. Investments measured at NAV as a practical expedient are not classified in the fair value hierarchy.

PSI investments that are carried at estimated fair value using the valuation hierarchy framework consisted of institutional mutual funds, fixed income securities and, long term certificates of deposit, as of December 31, 2024 and 2023, respectively. The fair values of the participation units owned by PSI in mutual funds, long term certificates of deposit, and fixed income securities, invested in security portfolios, are based on the underlying investments, and are based on the net asset value of the shares held by PSI as determined by quoted market prices at the end of the year. The hedge fund, which is valued at NAV, represents an investment in a hedge fund-of-funds that pursues nondirectional strategies to diversify risks and reduce volatility. The hedge fund's composite portfolio includes government securities, common stocks, credit-oriented securities and private equity investments.

The interest rate swap asset or liability approximates its carrying amount, which represents the amount PSI would pay to exit the swap agreement, taking into account current interest rates. Given the swap does not have a quoted market price and is not actively traded, its valuation is based on Level 3 inputs within the hierarchy used in measuring fair value.

# Population Services International

## Notes to Consolidated Financial Statements

The table below presents the balances of investments measured at fair value on a recurring basis by hierarchy level at December 31, 2024 and 2023, respectively:

	As of December 31, 2024 Fair Value Hierarchy Level			NAV*	Total
	Level 1	Level 2	Level 3		
Hedge fund	\$ -	\$ -	\$ -	\$ 5,038,129	5,038,129
Equity mutual funds and exchange traded funds	13,875,440	-	-	-	13,875,440
Fixed income mutual funds and exchange traded funds	4,896,416	-	-	-	4,896,416
Fixed income securities	6,899,482	-	-	-	6,899,482
<b>Total investments</b>	<b>\$ 25,671,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,038,129</b>	<b>\$ 30,709,467</b>
Interest rate swap asset	\$ -	\$ -	\$ 2,511,975	\$ -	\$ 2,511,975

	As of December 31, 2023 Fair Value Hierarchy Level			NAV*	Total
	Level 1	Level 2	Level 3		
Long-term certificates of deposit	\$ 612,000	\$ -	\$ -	\$ -	\$ 612,000
Hedge fund	-	-	-	4,310,490	4,310,490
Equity mutual funds and exchange traded funds	12,723,280	-	-	-	12,723,280
Fixed income mutual funds and exchange traded funds	4,711,933	-	-	-	4,711,933
Fixed income securities	6,737,311	-	-	-	6,737,311
<b>Total investments</b>	<b>\$ 24,784,524</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,310,490</b>	<b>\$ 29,095,014</b>
Interest rate swap asset	\$ -	\$ -	\$ 1,768,827	\$ -	\$ 1,768,827

\* Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position.

The following table summarizes information about the attributes of the investments measured at NAV, as a practical expedient as of December 31, 2024:

	NAV Value	Redemption frequency	Unfunded Commitment(s)	Redemption notice period (in days)
Hedge Fund	\$ 5,038,129	Quarterly	\$ -	30

# Population Services International

## Notes to Consolidated Financial Statements

The following table summarizes information about the attributes of the investments measured at NAV, as a practical expedient as of December 31, 2023:

	NAV Value	Redemption frequency	Unfunded Commitment(s)	Redemption notice period (in days)
Hedge Fund	\$ 4,310,490	Quarterly	\$ -	30

### 5. Grants and Contracts Receivable and Refundable Grant and Fee Advances

The amounts due from grants and contracts consist of the following as of December 31:

	2024		2023	
Billed	\$	5,222,316	\$	10,327,645
Unbilled		17,543,551		19,552,360
		22,765,867		29,880,005
Less: allowance for doubtful accounts		(1,799,276)		(3,042,324)
<b>Total grants and contracts receivable, net</b>	<b>\$</b>	<b>20,966,591</b>	<b>\$</b>	<b>26,837,681</b>
U.S. government	\$	6,235,931	\$	11,557,616
Non-U.S. governments		5,516,441		6,204,429
International organizations		3,757,882		4,945,698
Foundations and corporations		7,255,613		7,172,262
		22,765,867		29,880,005
Less: allowance for doubtful accounts		(1,799,276)		(3,042,324)
<b>Total grants and contracts receivable, net</b>	<b>\$</b>	<b>20,966,591</b>	<b>\$</b>	<b>26,837,681</b>

Unbilled amounts are expected to be billed and collected within the next year. Unbilled receivables represent allowable costs incurred in excess of amounts billed.

Refundable grant and fee advances represent advances from various program sponsors. The following amounts were advanced from the program sponsors as of December 31:

	2024		2023	
U.S. government	\$	3,891,810	\$	8,298,604
Non-U.S. governments		6,427,578		7,200,978
International organizations		39,015,315		67,046,665
Foundations and corporations		40,210,939		29,773,471
<b>Total refundable grant and fee advances</b>	<b>\$</b>	<b>89,545,642</b>	<b>\$</b>	<b>112,319,718</b>

**Population Services International**  
**Notes to Consolidated Financial Statements**

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**6. Property and Equipment**

Property and Equipment consisted of the following at December 31:

	2024	2023
Land	\$ 24,829,978	\$ 24,829,978
Building	23,945,959	23,945,959
Building improvements	13,108,758	13,112,110
Software	5,018,981	514,586
Furniture and equipment	6,157,205	6,284,907
	73,060,881	68,687,540
Less: accumulated depreciation and amortization	(23,143,949)	(21,696,995)
<b>Total property and equipment, net</b>	<b>\$ 46,916,932</b>	<b>\$ 46,990,545</b>

Depreciation and amortization expense totaled \$2,112,609 and \$2,229,253 for the years ended December 31, 2024 and 2023, respectively.

**7. Benefit Plans**

PSI maintains a defined-contribution retirement plan under Section 403(b) of the Internal Revenue Code. PSI contributes to this plan for eligible employees up to a maximum of 10% in accordance with plan documents.

Pension expense for all pension plans, including statutorily required international plans, aggregated \$940,839 and \$2,728,673, respectively for the years ended December 31, 2024 and 2023. The related liabilities are recorded within accrued wages and benefits within the statements of financial position.

**8. Bonds and Notes Payable**

Bonds and notes payable consists of the following at December 31:

	2024	2023
District of Columbia Revenue Bonds Series 2007 tax exempt, secured incurring interest at a floating rate of 5.23% with a maturity date of May 1, 2038	\$ 28,200,000	\$ 28,200,000
Notes payable, taxable incurring interest at a floating rate of 6.46% with a maturity date of February 1, 2031	6,440,209	7,362,845
<b>Total bonds and notes payable</b>	<b>\$ 34,640,209</b>	<b>\$ 35,562,845</b>

PSI used the debt proceeds to acquire the building that houses its headquarters operations. Debt is secured by the land, building and its improvements, and is reported at carrying value.

# Population Services International

## Notes to Consolidated Financial Statements

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As of December 31, 2024 and 2023, PSI was in compliance with all financial debt covenants, including requirements to maintain certain coverage ratios and liquidity ratios, as well as limitations on other debt and certain specified limitations.

On April 1, 2019, PSI entered into an interest rate swap agreement to fix the interest rate (see Note 9). Installment payments for the bonds begin on February 1, 2031 and continue through the maturity date of May 1, 2038.

The following schedule of amounts due is based on the maturity dates per the debt agreements as of December 31,:

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2025	\$ 956,677
2026	991,973
2027	1,028,571
2028	1,066,520
2029	1,105,868
Thereafter	29,490,600

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Total bonds and notes payable	\$ 34,640,209
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Interest expense, which includes cash payments made on interest, on total notes payable for the years ended December 31, 2024 and 2023 was \$1,115,028 and \$1,143,175, respectively, of which \$142,901 and \$168,012, respectively, is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

PSI has an open-end revolving line-of-credit (the LOC) with a bank which expires, if not renewed, on November 28, 2025. The line-of-credit was originally \$20 million, and was subsequently amended in April 2022 to decrease the amount to \$18 million at PSI's request. It was then amended in December 2023 to decrease the amount to \$9 million. The line-of-credit accrues interest at Secured Overnight Financing Rate (SOFR) plus 1.06% (5.4% at December 31, 2024). During fiscal year 2024, there were no drawdowns on the LOC. There was no outstanding line-of-credit balance for the years ended December 31, 2024 and 2023.

# Population Services International

## Notes to Consolidated Financial Statements

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### 9. Interest Rate Swap

PSI is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate swaps are entered into to manage interest rate risk associated with the variable rate bonds issued by Prudence. Under such arrangements, a portion of variable rate indebtedness is converted to fixed rates based on a notional principal amount. At December 31, 2024, the aggregate notional principal amount under the interest rate swap agreements, with payments due ranging from calendar year 2031 through 2033, totaled \$34.6 million. The estimated fair value of the interest rate swap asset is approximately \$2.5 million. At December 31, 2023, the aggregate notional principal amount totaled \$35.6 million and the estimated fair value of the interest rate swap liability was approximately \$1.8 million.

ASC 815-10, *Derivatives and Hedging*, requires that an entity recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position. In accordance with ASC 815-10, PSI designates interest rate swaps as cash flow hedges of variable-rate receivables.

For the valuation of the interest rate swap agreements at December 31, 2024, PSI used significant other observable inputs as of the valuation date, including interest rate yield curves. In accordance with ASC 815-10 *Derivatives and Hedging - Fair Value Hedging*, the change in fair value is recorded to net assets without donor restrictions in the period in which the change in value occurs.

### 10. Revenue

The following reflects PSI's revenues disaggregated by type for the years ended December 31:

	2024	2023
Grants, fees, and donated commodities:		
Cost reimbursable	\$ 230,822,321	\$ 310,847,912
Non-cost reimbursable	39,410,364	3,090,825
Total grants, fees, and donated commodities	270,232,685	313,938,737
Program income	2,808,635	2,516,309
Social Business sales	38,449,298	40,658,862
Contributions (including in-kinds)	5,533,192	6,088,990
Other revenue (including investment return)	4,212,342	4,267,961
	\$ 321,236,152	\$ 367,470,859
Commercial rental income	\$ 2,774,045	\$ 2,604,664

# Population Services International

## Notes to Consolidated Financial Statements

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### 11. Leases

PSI has non-cancelable lease arrangements for corporate facilities in the United States and internationally which expire at various dates from fiscal year 2025 to fiscal year 2029. PSI does not have any material office space subleases.

All lease agreements for the year ended December 31, 2024 and 2023 are accounted for under ASC Topic 842 *Leases*.

Rental payments under these leases include base rental amounts for the terms of each lease unless the lease contains variable costs based (e.g., utilities, real estate taxes, operating expenses such as janitorial and common area maintenance, water, and insurance) on an index or rate. If a lease does include indexed or variable costs at a specific rate, PSI included those costs as part of operating lease expense.

Other leases contain variable costs for expenses which are not based on an index or rate. These variable lease payments are determined based on actual expenses incurred by the lessor and passed to PSI on a periodic basis. PSI expenses these nonlease components as incurred.

For leases that contain an option to extend for an additional period, management evaluated whether it is reasonably certain that PSI would, in fact, extend the lease. If PSI was not reasonably certain that a lease would be extended, the additional term was not included in the determination of the lease liability and right-of-use asset. If PSI was reasonably certain that a lease would be extended, the additional term was included in the determination of the lease liability and right-of-use asset.

Operating, variable and short-term lease expense in the consolidated statements of activities for the year ended December 31 was:

	2024	2023
Operating lease expense	\$ 2,229,038	\$ 2,115,973
Short term lease expense	763,112	511,554
Total lease expense	\$ 2,992,150	\$ 2,627,527

The weighted-average remaining lease term and discount rate related to PSI's lease liabilities as of December 31, 2024, were:

Weighted average remaining lease term	2.12 years
Weighted average discount rate	3.97%

The weighted-average remaining lease term and discount rate related to PSI's lease liabilities as of December 31, 2023, were:

Weighted average remaining lease term	2.75 years
Weighted average discount rate	3.75%

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Aggregate remaining maturities of lease liabilities as of December 31, 2024 are as follows:

2025	\$ 2,236,855
2026	1,123,929
2027	303,947
2028	121,272
2029	55,000
Total operating lease payments	3,841,003
Less: imputed interest	(140,171)
Total operating lease liabilities	\$ 3,700,832

## 12. Leasing Arrangements as a Lessor

PSI receives rental income from leasing approximately 57,000 square feet of space to 14 tenants in its headquarters building in Washington, D.C (The Property). Generally, PSI's tenants are subject to net lease agreements. A net lease typically requires the tenant to be responsible for minimum monthly rent and actual property operating expenses incurred. Rental payments are in substance fixed in accordance with the lease agreements and do not contain any residual value guarantees or material non-lease components. There are no variable payments that are based on indices specified in the leases. PSI manages the risk relating to residual value of its leased assets by calculating and monitoring the values through the use of applicable valuation models and ensuring the lease payments charged to its tenants adequately cover the residual value of the building.

At December 31, 2024 and 2023, approximately 50% and 45% respectively of The Property, is rented to tenants under non-cancelable, multi-year leases that provide, in some instances, rental rate escalation clauses based on both the Consumer Price Index and increases in property operating expenses. These increases are generally payable in equal installments throughout the year, based on estimated increases, with any differences adjusted in the succeeding year. The tenants pay PSI a base rent plus a percentage of the operating costs of the building. Individual tenants' square footage leased ranges from 386 square feet up to 13,941 square feet. Lease terms of the tenants are typically for a period of over five years to about fourteen years, with current lease terms of individual tenants up for renewal and extension varying through June 30, 2036. The exercise of lease renewals, if available under the lease options, is generally at PSI's discretion and is considered in PSI's assessment of the respective lease term. There is no option for a lessee to purchase the rental space in the lease agreement. Rental income under these leases was \$2,774,045 and \$2,604,664 for the years ended December 31, 2024 and 2023 respectively.

PSI assesses contracts at inception to determine whether an arrangement includes a lease, which conveys PSI's right to control the use of an identified asset for a period of time in exchange for consideration. PSI determines whether the lease classification is an operating, sales-type lease or direct financing lease at the commencement date.

Minimum future lease payments to be received are based on existing leases as of the date of these consolidated financial statements, and do not include amounts which may be received under tenant leases for charges to recover certain operating costs, lease extensions, or new tenancies upon expiration of existing leases.

# Population Services International

## Notes to Consolidated Financial Statements

At December 31, 2024, the approximate minimum future lease payments to be received under the terms of the non-cancellable leases for each of the next five years and in the aggregate are as follows:

*Years ending December 31,*

2025	\$ 2,369,489
2026	2,503,440
2027	2,333,539
2028	1,812,687
2029	1,850,161
Thereafter	6,976,227
<b>Total future minimum lease income</b>	<b>\$ 17,845,543</b>

### 13. Liquidity and Availability of Resources

The following reflects financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date. Amounts not available include amounts set aside for satisfaction of donor restrictions.

<i>December 31,</i>	<b>2024</b>	<b>2023</b>
Financial assets		
Cash and cash equivalents	\$ 78,041,254	\$ 110,455,354
Investments	30,709,467	29,095,014
Trade receivables, net	12,211,909	11,347,829
Grants and contracts receivable, net	20,966,591	26,837,681
Contributions receivable	1,530,020	2,384,240
Due from independent network members	769,770	1,204,447
<b>Total financial assets available within one year</b>	<b>\$ 144,229,011</b>	<b>\$ 181,324,565</b>
Less:		
Amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	\$ (12,712,807)	\$ (13,075,680)
Contributions scheduled to be collected in more than one year	(540,000)	(885,000)
<b>Total amounts unavailable for general expenditures within one year</b>	<b>(13,252,807)</b>	<b>(13,960,680)</b>
<b>Total financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 130,976,204</b>	<b>\$ 167,363,885</b>

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## Notes to Consolidated Financial Statements

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PSI's operations are primarily funded by grants, contracts, and contributions from various funders, some of which are restricted for purpose. For some funders, PSI receives funding in advance of program expense incurred, which is classified on the consolidated statements of financial position as \$89,545,642 and \$112,319,718 as of December 31, 2024 and 2023, respectively, in refundable grant and fee advances. PSI is obligated to spend this advance funding in accordance with its contractual obligations over the next 12 months. PSI also has \$9,830,408 and \$15,185,822 as of December 31, 2024 and 2023, respectively, in refundable program income which may be spent in accordance with the award requirements or returned to the funder. These amounts should be taken into consideration when reviewing financial assets available to meet our cash needs.

As part of PSI's liquidity management, PSI structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. PSI has a goal to maintain financial assets on hand to meet at least 60 days of normal operating expenses which are on average, approximately \$60.3 million. Given PSI's diverse global operational portfolio, management circumvents foreign currency risk exposure by retaining funds in U.S. dollars as much as possible to minimize foreign currency volatility. To help manage unanticipated liquidity needs, PSI has short-term investments totaling approximately \$31 million and \$29 million as of December 31, 2024 and 2023, respectively, that could be used to address cash short-falls as needed. Additionally, PSI also has access to a \$9 million line-of-credit with a bank that can be drawn on as necessary.

### 14. Related Party Transactions

PSI Europe (PSI/E) was formed in 1996 as an independently governed organization that is not consolidated in the accompanying consolidated financial statements. PSI appointed one of three founding members to the Board of PSI/E. During 2024 and 2023, PSI paid PSI/E approximately \$850,000 and \$449,000, respectively, in sub-award expenses. As of December 31, 2024 and 2023, PSI/E owed PSI approximately \$330,000 and \$73,000, respectively, related to advances received from PSI that were not yet spent.

PSI has entered into certain transactions with Greenstar Social Marketing Pakistan (Guarantee) Limited (Greenstar), an organization in which PSI representatives are Board members of Greenstar, and a member of Greenstar's Board is a board member on the PSI governing Board of Directors. During 2024 and 2023, PSI paid Greenstar approximately \$276,000 and \$250,000, respectively, in subaward expenses.

A PSI representative is a Board member of SFH Nigeria. For the years ended December 31, 2024 and 2023, PSI paid SFH Nigeria approximately \$3.3 million and \$4.7 million, respectively. SFH Nigeria owed PSI approximately \$1.6 million and \$1.7 million as of December 31, 2024 and 2023, respectively.

PSI representatives are on the PS Kenya governing Board of Directors and support PS Kenya management. PSI paid PS Kenya approximately \$300,000 and \$1.7 million and PS Kenya paid PSI approximately \$149,000 and \$92,000 for the years ended December 31, 2024 and 2023, respectively. PS Kenya owed PSI approximately \$145,000 and \$1.1 million for the years ended December 31, 2024 and 2023.

Effective January 1, 2021, PACE Uganda became an independently governed organization. PACE Uganda's financial transactions are no longer consolidated for financial reporting purposes. PSI representatives are Board members of PACE Uganda. There was no related party activity between PSI and PACE Uganda for the years ended December 31, 2024 and 2023, respectively.

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PSI representatives are Board members of PSH Zimbabwe. For the years ended December 31, 2024 and 2023, PSI paid PSH Zimbabwe approximately \$4.6 million and \$18.6 million, respectively and PSH Zimbabwe owed PSI approximately \$748,000 and \$1.9 million for the years ended December 31, 2024 and 2023, respectively in sub-award advances, respectively.

Effective October 1, 2022, FHS Malawi became an independently governed organization. FHS Malawi's financial transactions are no longer consolidated for financial reporting purposes. PSI representatives are Board members of FHS Malawi. For the years ended December 31, 2024 and 2023, PSI paid FHS Malawi approximately \$6.6 million and \$8.6 million, respectively, and FHS Malawi owed PSI approximately \$1.9 million and \$2.1 million as of December 31, 2024 and 2023, in sub-award advances.

PSI had no other related party transactions as of and for the years ended December 31, 2024 and 2023.

### 15. Commitments and Contingencies

Grants: PSI receives a substantial portion of its revenue from both U.S. and non-U.S. government grants and contracts, which are subject to audit. The ultimate determination of amounts received under these projects generally is based upon allowable costs reported to and audited by the governments or their designees. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amounts received in excess of allowable costs. Management has estimated potential disallowed expenses for the years ended December 31, 2024 and 2023 and has accrued these costs.

The reimbursement of indirect costs reflected in the accompanying consolidated financial statements as federal awards revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to PSI's financial position or change in net assets without donor restrictions.

Foreign operations: Due to the nature of its operations, PSI is subject to the continuing impact of foreign governments and their policy changes. Such changes could have wide-ranging impact on PSI's operations; however, there has been no such impact occurring in previous years.

Other: PSI is party to various legal actions and claims arising in the ordinary course of its business. PSI's management believes the ultimate disposition of such claims will not have a material adverse effect on PSI's consolidated financial position or change in net assets.

### 16. Subsequent Events

PSI evaluated subsequent events through June 30, 2025 which is the date the consolidated financial statements were available to be issued.

The Organization became a subsidiary of HealthX Partners Incorporated, on January 1, 2025. HealthX Partners, a newly formed entity, seeks through its subsidiaries, to respond to the global health sector's changing needs and emphasis on integrated healthcare services, innovation, systems strengthening, sustainability, and local leadership. Effective January 1, 2025, HealthX Partners will act as a parent company while the Organization and Elizabeth Glaser Pediatric AIDS Foundation, will operate as subsidiaries, retaining their names, brands, and missions. They will move toward a shared operational capacity and geographies throughout fiscal year 2025.

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On January 27, 2025, an Executive Order concerning the Reevaluation and Realignment of United States Foreign Assistance Programs initiated a 90-day “pause” on new funding obligations to facilitate a review by the new administration. Prior to the issuance of these consolidated financial statements, the Organization received termination notices for 26 of its U.S. government grants. The outstanding grants and contracts receivable totaling approximately \$3.4 million related to the 26 grants was collected subsequent to year end.

The undrawn funds from these terminated U.S. government grants totaled approximately \$242.6 million as of December 31, 2024. These amounts are included in the amount of \$555.7 million for conditional grants and awards as of December 31, 2024. See Note 2(p) - Grants and Contracts. The Organization has performed cost reduction measures to address the termination of USAID awards by the Federal government, including staff reductions and office closures. Management is continuously monitoring the impact of these developments on the Organization and will take further actions, as necessary, to mitigate any potential risks.