

# **TechnoServe, Inc. and Affiliates**

Consolidated Financial Report  
December 31, 2025

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## Independent Auditor's Report

Board of Directors  
TechnoServe, Inc.

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of TechnoServe, Inc. and Affiliates (TechnoServe), which comprise the consolidated statement of financial position as of December 31, 2025, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TechnoServe as of December 31, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 TechnoServe and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

### **Report on Summarized Comparative Information**

We have previously audited TechnoServe's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2026, on our consideration of TechnoServe's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TechnoServe's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TechnoServe's internal control over financial reporting and compliance.

*RSM US LLP*

McLean, Virginia  
June 16, 2026

**TechnoServe, Inc. and Affiliates**

**Consolidated Statement of Financial Position**

**December 31, 2025**

**(With Comparative Totals for 2024)**

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Cash and cash equivalents	<b>\$ 103,708,698</b>	\$ 87,216,849
Investments	<b>1,848,838</b>	1,225,481
Grants and contributions receivable, net	<b>9,587,663</b>	9,385,910
Program grants advances and other receivables	<b>1,724,180</b>	4,942,766
Prepaid expenses and other assets	<b>1,719,407</b>	3,350,481
Property and equipment, net	<b>1,240,116</b>	2,321,566
Lease right-of-use assets—operating	<b>2,964,729</b>	4,345,569
	<b><u>\$ 122,793,631</u></b>	<b><u>\$ 112,788,622</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	<b>\$ 6,298,558</b>	\$ 7,711,203
Accrued employee benefits	<b>4,773,322</b>	5,752,813
Deferred grant revenue and refundable advances	<b>90,059,472</b>	81,418,815
Deferred loan guarantees	<b>548,095</b>	-
Lease liabilities—operating	<b>4,194,335</b>	5,864,449
	<b><u>105,873,782</u></b>	<b><u>100,747,280</u></b>
Commitments, contingencies and risks (Note 9)		
Net assets:		
Without donor restrictions	<b>11,333,298</b>	9,115,134
With donor restrictions	<b>5,586,551</b>	2,926,208
	<b><u>16,919,849</u></b>	<b><u>12,041,342</u></b>
	<b><u>\$ 122,793,631</u></b>	<b><u>\$ 112,788,622</u></b>

See notes to consolidated financial statements.

**TechnoServe, Inc. and Affiliates**

**Consolidated Statement of Activities  
Year Ended December 31, 2025  
(With Comparative Totals for 2024)**

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Grants and contracts:				
U.S. government	\$ 19,228,417	\$ -	\$ 19,228,417	\$ 40,594,764
Other grants and contracts	85,208,539	-	85,208,539	73,306,907
<b>Total grants and contracts</b>	<b>104,436,956</b>	<b>-</b>	<b>104,436,956</b>	<b>113,901,671</b>
Private contributions	7,193,379	4,750,912	11,944,291	7,349,285
Contributed nonfinancial assets	2,046,797	-	2,046,797	4,125,730
Other gains, net	320,977	-	320,977	182,903
Program income	73,450	-	73,450	30,092
Interest income	468,756	-	468,756	671,958
Net assets released from donor restriction	2,090,569	(2,090,569)	-	-
<b>Total support and revenue</b>	<b>116,630,884</b>	<b>2,660,343</b>	<b>119,291,227</b>	<b>126,261,639</b>
Expenses:				
Program services:				
Africa	64,823,682	-	64,823,682	68,110,639
Latin America and Caribbean	14,597,522	-	14,597,522	19,560,113
India and Southeast Asia	6,364,851	-	6,364,851	5,399,996
Global	10,027,690	-	10,027,690	13,955,517
<b>Total program services</b>	<b>95,813,745</b>	<b>-</b>	<b>95,813,745</b>	<b>107,026,265</b>
Supporting services:				
Management and general	14,346,197	-	14,346,197	15,618,156
Fundraising	4,527,771	-	4,527,771	5,664,410
<b>Total supporting services</b>	<b>18,873,968</b>	<b>-</b>	<b>18,873,968</b>	<b>21,282,566</b>
<b>Total expenses</b>	<b>114,687,713</b>	<b>-</b>	<b>114,687,713</b>	<b>128,308,831</b>
<b>Change in net assets before currency translation adjustments</b>	<b>1,943,171</b>	<b>2,660,343</b>	<b>4,603,514</b>	<b>(2,047,192)</b>
Currency translation adjustments	274,993	-	274,993	(1,193,883)
<b>Change in net assets</b>	<b>2,218,164</b>	<b>2,660,343</b>	<b>4,878,507</b>	<b>(3,241,075)</b>
Net assets:				
Beginning	9,115,134	2,926,208	12,041,342	15,282,417
Ending	\$ 11,333,298	\$ 5,586,551	\$ 16,919,849	\$ 12,041,342

See notes to consolidated financial statements.

TechnoServe, Inc. and Affiliates

**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2025**  
**(With Comparative Totals for 2024)**

	2025					2025				2024 Total
	Program Services				Total Program Services	Supporting Services			Total	
	Africa	Latin America and Caribbean	India and Southeast Asia	Global			Management and General	Fundraising		Total Supporting Services
Salaries and benefits	\$ 26,594,240	\$ 9,520,472	\$ 3,238,885	\$ 6,208,274	\$ 45,561,871	\$ 10,758,718	\$ 2,432,636	\$ 13,191,354	\$ 58,753,225	\$ 67,288,197
Grants to implementing partners	12,010,585	189,854	797,316	2,092,258	15,090,013	-	-	-	15,090,013	14,942,086
Beneficiary training and support	9,612,192	934,572	575,874	91,565	11,214,203	-	-	-	11,214,203	9,028,795
Professional services	5,357,856	1,684,161	514,595	779,010	8,335,622	665,251	254,023	919,274	9,254,896	10,327,118
Travel and meetings	3,343,838	861,677	410,873	476,653	5,093,041	283,362	63,878	347,240	5,440,281	7,129,243
Office and other	2,116,157	386,107	383,170	61,608	2,947,042	415,007	25,533	440,540	3,387,582	4,061,686
Equipment and software	1,025,511	111,274	80,065	78,522	1,295,372	1,479,327	184,432	1,663,759	2,959,131	3,283,103
Occupancy and utilities	1,600,607	189,355	128,483	43,388	1,961,833	648,678	523	649,201	2,611,034	2,869,502
Communication costs	372,332	57,700	45,006	15,170	490,208	12,489	1,561,910	1,574,399	2,064,607	2,744,815
Donated goods and services	1,460,534	217,590	125,811	171,862	1,975,797	71,000	-	71,000	2,046,797	4,110,013
Vehicle operations	1,329,830	444,760	64,773	9,380	1,848,743	12,365	4,836	17,201	1,865,944	2,524,273
<b>Total expenses</b>	<b>\$ 64,823,682</b>	<b>\$ 14,597,522</b>	<b>\$ 6,364,851</b>	<b>\$ 10,027,690</b>	<b>\$ 95,813,745</b>	<b>\$ 14,346,197</b>	<b>\$ 4,527,771</b>	<b>\$ 18,873,968</b>	<b>\$ 114,687,713</b>	<b>\$ 128,308,831</b>

See notes to consolidated financial statements.

**TechnoServe, Inc. and Affiliates**

**Consolidated Statement of Cash Flows**

**Year Ended December 31, 2025**

**(With Comparative Totals for 2024)**

	<b>2025</b>	<b>2024</b>
Cash flows from operating activities:		
Change in net assets	\$ 4,878,507	\$ (3,241,075)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation of property and equipment	323,931	372,416
Change in allowance for doubtful grants receivable	176,392	(118,248)
Change in discount on grants and contributions receivable	186,944	(59,883)
Realized and Unrealized gain on investment	(106,257)	(99,425)
Net gain from sale of property and equipment	(321,502)	(55,114)
Gain on lease termination	(29,417)	-
Right-of-use—operating amortization	1,124,322	1,226,839
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	(565,089)	4,991,981
Program grant advances and other receivables	3,218,586	(501,443)
Prepaid expenses and other assets	1,631,074	(838,119)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,412,645)	(990,931)
Accrued employee benefits	(979,491)	22,577
Deferred grant revenue and refundable advances	8,640,657	(3,934,380)
Deferred loan guarantees	548,095	(244,000)
Lease liabilities—operating	(1,384,179)	(1,404,983)
<b>Net cash provided by (used in) operating activities</b>	<b>15,929,928</b>	<b>(4,873,788)</b>
Cash flows from investing activities:		
Purchases of property and equipment	(376,229)	(619,386)
Proceeds from sale of property and equipment	1,455,250	833,513
Purchases of investments	(796,643)	(365,523)
Proceeds from sale of investments	279,543	143,350
<b>Net cash provided by (used in) investing activities</b>	<b>561,921</b>	<b>(8,046)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>16,491,849</b>	<b>(4,881,834)</b>
Cash and cash equivalents:		
Beginning	87,216,849	92,098,683
Ending	\$ 103,708,698	\$ 87,216,849

See notes to consolidated financial statements.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** TechnoServe, Inc., headquartered in Arlington, Virginia, is an international nonprofit development organization established in 1968. Its mission is to help entrepreneurial men and women in the developing world to build profitable businesses that create income, opportunity, and economic growth for their families, their communities, and their countries. TechnoServe, Inc. accomplishes this by providing management, technical assistance and training to businesses and institutions primarily related to the agricultural sector.

TechnoServe, Inc. operates in 25 countries across Africa, Latin America, the Caribbean and India. In India, operations are conducted through Ashwattha Advisors Private Limited (AAPL), a for-profit private limited company, which is 99% owned via shares by TechnoServe, Inc. TechnoServe, Inc. operates in all other countries via representative offices or similar entities that are wholly controlled by TechnoServe, Inc. Collectively, TechnoServe, Inc., AAPL, and all other country offices are referred to as TechnoServe.

A summary of TechnoServe's significant accounting policies follows:

**Principles of consolidation:** The consolidated financial statements of TechnoServe include the accounts for TechnoServe headquarters, all TechnoServe field offices, and AAPL. All inter-entity transactions have been eliminated in consolidation.

**Basis of presentation:** TechnoServe reports information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets without donor restrictions:** Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.

**Net assets with donor restrictions:** Net assets with donor restrictions represent net assets that are limited in use in accordance with donor-imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of TechnoServe according to the terms of the contribution.

**Financial risk:** TechnoServe maintains its cash and cash equivalents in bank deposits that, at times, may exceed federally insured limits set by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2025, cash and cash equivalents balances totaling \$97,678,834 exceeded the limit. TechnoServe believes the risk in these institutions to be minimal. At December 31, 2025, cash totaling \$5,624,845 was held at numerous financial institutions outside the United States, which are not insured by the FDIC.

**Grants and contribution receivable:** Receivables are carried at original invoice or promise to give amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. No interest is charged on past due receivables.

**Prepaid expenses and other assets:** Prepaid expenses are future expenses that have been paid in advance. This primarily includes insurance and other premium payments, amortized over the benefit period. The other assets include security deposits paid for global offices.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Program grant advances and other receivables:** TechnoServe advances funds to numerous implementing partners via grant and subaward agreements. The advances are liquidated to grant expense upon receipt of validated financial and technical reports from the implementing partner. The other receivables include salary and travel advances to the staff in accordance with TechnoServe's policies and procedures.

**Property and equipment:** Property and equipment are stated at cost if purchased, or fair value on the date of contribution. TechnoServe capitalizes all expenditures for property and equipment over \$5,000. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets.

The estimated useful lives by asset class are as follows:

Furniture and equipment	3-10 years
Vehicles	3 years
Software	3 years
Leasehold improvements	Lesser of useful life or lease term

Property and equipment acquired with U.S. federal funds and certain other donors are subject to rules governing disposition of such assets by the respective grant agreement or contract.

**Valuation of long-lived assets:** TechnoServe accounts for the subsequent measurement of certain long-lived assets in accordance with subsections of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Property, Plant and Equipment that address Impairment or Disposal of Long-Lived Assets. The accounting standard requires that property, plant and equipment and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

**Leases:** TechnoServe determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. TechnoServe also considers whether its service arrangements include the right to control the use of an asset.

To reduce the burden of adoption and ongoing compliance with Topic 842, a number of practical expedients and policy elections are available under the new guidance. TechnoServe elected the package of practical expedients permitted under the transition guidance, which among other things, did not require reassessment of whether contracts entered into prior to adoption are or contain leases, and allowed carryforward of the historical lease classification for existing leases.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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

TechnoServe made an accounting policy election under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, TechnoServe recognizes ROU assets and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received.

To determine the present value of lease payments, TechnoServe made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842). The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website. TechnoServe uses the implicit rate when readily determinable.

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

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

**Deferred loan guarantees:** TechnoServe has several grants under which the grantors have provided funds to serve as loan guarantees for small businesses to be able to secure loans. In accordance with the grant guidelines, TechnoServe has entered into risk sharing agreements with certain financial institutions whereby TechnoServe is liable to these financial institutions for any defaulted loans under the terms of the risk sharing agreements. The maximum liability of TechnoServe is limited to the amount of grantor funds provided, less any loan defaults, which totaled \$548,095 at December 31, 2025. The full amount of this liability has been recognized on the consolidated statement of financial position as any unused portion of the funds reverts back to the grantors at the end of the grant period.

**Deferred grant revenue and refundable advances:** TechnoServe receives contracts and awards from several international agencies and governments, including the United States, private foundations and corporations. This support is recognized as revenue when earned or, in the case of conditional cost-reimbursable awards, as allowable costs are incurred in accordance with the grant terms. The portion of payments received under these grants and contracts that have not yet been accrued as revenue is represented as refundable advances on the consolidated statement of financial position. Proceeds from the monetization of commodities associated with grants from the U.S. Department of Agriculture (USDA) are also reported as refundable advances as they also meet the definition of conditional awards.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Private contributions:** All unconditional contributions, including unconditional promises to give, are reported as support without donor restrictions when received in the absence of a donor's explicit stipulation or circumstances surrounding the receipt of the contribution that make clear the donor's restrictions on use. Donor-restricted contributions are reported as net assets with donor restrictions.

Contributions, which include unconditional promises to give, are recognized as support at fair value when received or promised. Promises to give and bequests that are expected to be collected in the future years are recorded at the present value of their estimated future cash flows and discounted using market rates, applicable to the year in which the promises are received. Provisions for uncollected promises to give are made on a case-by-case basis, and determined based on management's judgment, donor creditworthiness, and other relevant factors.

Contributions received with donor-imposed conditions are recognized as revenue when the conditions have been substantially met. Amounts received in advance of satisfying the donor-imposed conditions are reported as deferred grant revenue and refundable advances until conditions are met.

**Grants and contracts:** TechnoServe receives funding under grants and contracts from the government of the United States of America, other countries, international multilateral organizations, large corporations, and private foundations for direct and indirect program costs. Grants and contracts are individually evaluated to determine if they are exchange or non-exchange transactions based on direct value received (or not received) by the resource provider. Exchange transactions are recognized as revenue is earned. Non-exchange transactions are recognized consistent with contribution accounting. This funding is generally subject to contractual conditions, which must be met through incurring qualifying expenses for particular programs or meeting certain deliverables.

Revenue from conditional grants and contracts is recognized only when funds are utilized to carry out the activity stipulated in the grant or contract agreement that satisfies barriers and/or rights of return. Grants and contracts receivable represent amounts due from funding organizations for reimbursable expenses incurred. Cash received under conditional grants and contracts in advance of incurring the related expenses is reported as deferred grant revenue and grant advances. Recognized conditional grants are recorded to net assets without donor restrictions if any purpose or time restrictions are met simultaneously with the condition. Any grants received that do not meet the criteria of a conditional grant are recognized as unconditional grant revenue when awarded.

**Contributed nonfinancial assets:** TechnoServe receives contributed services in support of its programs. Certain contributed services meet the criteria for recognition under generally accepted accounting principles. In-kind contributions received are valued and recorded as support at their fair value at the time the contribution is received. Contributed services and in-kind contributions are reflected on the consolidated statement of activities as contributions and expenses.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributed nonfinancial assets utilized in program and activities for the year ended December 31, 2025, are as follows:

Category	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs	Amount
Professional Services	Technical services on various projects	Some are restricted to specific donor-restricted projects	Management consultants rate published by the Department of Labor	\$ 1,975,797
Donated Software Service	Software	No associated donor restrictions	Fair market value of the asset from donor/invoice	71,000
				<u>\$ 2,046,797</u>

The above contributed nonfinancial assets were utilized in operational and program activities consistent with donor restrictions, where applicable.

TechnoServe receives donated commodities and other in-kind gifts at no cost from the United States Department of Agriculture (USDA) that are used for monetization. These contributed nonfinancial assets are liquidated (monetized) immediately and used similarly to cash in funding TechnoServe's programs and other activities. At the time of receipt, these contributed nonfinancial assets, which are inventory related, are recorded as deferred revenue, as significant barriers are deemed to exist in conjunction with both revenue recognition requirements and under TechnoServe grant agreements. Barriers for revenue recognition are deemed to have been met once monetized proceeds are utilized in conjunction with terms and provisions of the grant agreements, upon which revenue without donor restrictions is recognized.

TechnoServe received and monetized \$12,198,266 from USDA and utilized \$14,413,266 of monetized proceeds on programmatic activities during December 31, 2025. Unless specified in grant agreements, TechnoServe does not monetize donated goods without donor approval.

**Grants to implementing partners:** TechnoServe records grants to implementing partners when an unconditional promise to pay is made or as conditions are satisfied on a conditional promise to pay. Conditional grants are those that include both a barrier and right of return in the grant agreement. Conditional grants are expensed as they become unconditional by the grantee satisfying barriers and/or rights of return associated with the grant agreement.

**Foreign currency translation:** The functional and reporting currency of TechnoServe is the U.S. Dollar. Transactions in non-U.S. Dollar currencies are initially recorded in U.S. Dollar equivalents at the applicable exchange rates upon recognition (historical exchange rate). Monetary assets and monetary liabilities are revalued into U.S. Dollar equivalents at the applicable exchange rates at year-end. Nonmonetary assets and nonmonetary liabilities are maintained at historical exchange rates. Gains or losses from the revaluation of monetary assets and liabilities are recognized as currency translation adjustments in the consolidated statement of activities.

**Functional allocation of expenses:** TechnoServe allocates expenses on a functional basis among its various programs and supporting services. Program expenses include the costs of the organization associated with the delivery of programs in the four major geographical regions where program activities are undertaken. Global expenses include programs that are thematic in nature or crosscut multiple regions. Classification of expenses is based upon the terms of conditions of each funding source and identified at the time of the award.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Certain shared costs are incurred in the country offices of program delivery and benefit multiple programs. These shared costs are allocated across relevant programs based on one of the following methodologies: (1) project total direct costs, (2) project labor costs or (3) project labor hours. The allocation methodology is determined for each country based upon the context and relationship between its shared costs, program services, and supporting activities. Shared costs that get allocated include the following categories:

Cost Type	Description
Shared staff	Administrative and management staff that support the office as a whole and technical staff that work across all country projects.
Office costs	Rent, office, supplies, communications, utilities, insurance and printing.
Professional services	Annual statutory audit, main office IT services, legal counsel and other non-project-specific activities.
Shared travel	Non-project-specific travel, such as travel to TechnoServe annual and regional meetings.
Equipment	Certain investments for the main office, such as office furniture or IT equipment for shared staff.
Vehicle operations	Fuel, insurance and maintenance of vehicles utilized by the shared staff or that are shared across all projects.
Other direct costs	Bank fees, all-staff meetings, professional development costs for shared staff, etc.

**Income taxes:** TechnoServe is exempt from the payment of taxes on income other than unrelated business income under Internal Revenue Code (IRC) Section 501(c)(3) and is not a private foundation. TechnoServe had no net unrelated business income for the year ended December 31, 2025.

AAPL is a for-profit private limited company in India and is subject to tax on its income. AAPL pays taxes on an ongoing basis and had a net provision for the income tax liability of \$66,369 as of December 31, 2025. Any variation from AAPL's estimated income tax provision would be immaterial to the consolidated financial statements.

Management has evaluated TechnoServe's tax positions and has concluded that TechnoServe has taken no uncertain tax positions that require disclosure. TechnoServe files tax returns in the U.S. federal and Virginia jurisdictions.

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

**Reclassifications:** Certain reclassifications to 2024 balances have been made in the accompanying financial statements to make them consistent with the 2025 presentation. These reclassifications had no effect on previously reported change in net assets or net assets.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Prior-year information:** The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class or function. Such information does not include sufficient detail to constitute presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with TechnoServe's consolidated financial statements for the year ended December 31, 2024, from which the summarized information was derived.

**Subsequent events:** TechnoServe has evaluated subsequent events through June 16, 2026, the date on which the consolidated financial statements were available to be issued.

#### Note 2. Grants and Contributions Receivable

Receivables associated with grants and contributions at December 31, 2025, were as follows:

U.S. government	\$	194,870
Corporations		2,202,634
Other governments and public institutions		3,374,101
Contributions receivable		3,759,299
Private foundations		552,032
		<u>10,082,936</u>
Less long-term discount		(243,720)
Less allowance for doubtful accounts		(251,553)
	\$	<u>9,587,663</u>

Grant and contributions receivable expected to be received beyond one year are recorded at the present value of expected future cash flows using a discount rate based on the appropriate market rate adjusted for risk factors. Of the amounts reflected above, there were \$1,874,334 of contributions receivable beyond one year in 2025.

#### Note 3. Property and Equipment

At December 31, 2025, property and equipment consists of the following:

	Cost	Accumulated Depreciation/ Amortization	Net
Vehicles	\$ 2,979,215	\$ (2,341,187)	\$ 638,028
Software	639,854	(583,374)	56,480
Leasehold improvements	1,244,365	(769,623)	474,742
Furniture and equipment	629,361	(558,495)	70,866
	<u>\$ 5,492,795</u>	<u>\$ (4,252,679)</u>	<u>\$ 1,240,116</u>

Property and equipment includes the net book value of donor-owned assets with a corresponding liability totaling \$667,136, comprising of vehicles worth \$620,496 and furniture and equipment worth \$46,640. Depreciation and amortization expense for the year ended December 31, 2025, was \$323,931.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 4. Leases

TechnoServe has operating leases for offices, vehicles and office equipment. TechnoServe's real estate leases are generally for periods ranging from one to eight years. If TechnoServe is reasonably certain to exercise these renewal options at lease inception, the options are considered in determining the lease term, and payments associated with the option years.

Operating lease cost is recognized on a straight-line basis over the lease term.

Operating lease ROU assets and lease liabilities as of December 31, 2025, consisted of the following:

Assets:	
Operating lease assets	<u><u>\$ 2,964,729</u></u>
Liabilities:	
Operating lease liabilities	<u><u>\$ 4,194,335</u></u>

The components of lease expense are as follows:

Operating lease cost	\$ 1,124,322
Short-term cost	439,957
Variable lease costs	393,760
	<u><u>\$ 1,958,039</u></u>

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2025:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows—payments on operating leases	\$ 1,384,179
ROU assets obtained in exchange for new lease obligations:	
Operating leases	816,458

The lease term and discount rate for operating and financing leases are as follows:

Weighted-average remaining lease term for operating leases	3.85 years
Weighted-average discount rate for operating leases	1.97%

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities recognized on the statement of financial position as of December 31, 2025, is as follows:

Years ending December 31:	
2026	\$ 1,179,341
2027	1,117,980
2028	973,109
2029	916,208
2030	155,221
Total lease payments	<u>4,341,859</u>
Less imputed interest	<u>(147,524)</u>
Present value of lease liabilities	<u><u>\$ 4,194,335</u></u>

**Note 5. Fair Value Measurements**

TechnoServe reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
- Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3:** Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 5. Fair Value Measurements (Continued)

The following table classifies all investments into the hierarchy set forth by the ASC 820. The table includes those investments that are held and managed by TechnoServe measured at fair value on a recurring basis by level within the hierarchy at December 31, 2025:

Description	Total	Level 1	Level 2	Level 3
Equities:				
U.S Large Cap	\$ 800,167	\$ 800,167	\$ -	\$ -
U.S Mid Cap	149,463	149,463	-	-
U.S Small Cap	69,464	69,464	-	-
International Developed	142,611	142,611	-	-
Emerging Markets	65,075	65,075	-	-
	<u>1,226,780</u>	<u>1,226,780</u>	-	-
Fixed income	591,493	591,493	-	-
Total investments at fair value	1,818,273	<u>\$ 1,818,273</u>	\$ -	\$ -
Cash, held at cost	30,565			
Total investments	<u>\$ 1,848,838</u>			

There is an additional \$56,976,551 in publicly traded money market funds included in cash and cash equivalents as of December 31, 2025. The money market funds are classified within Level 1 of investments as they have readily determinable fair values and are reflected at fair value in the statement of financial position. TechnoServe considers money market funds held in investment accounts in addition to all highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### Note 6. Deferred Grant Revenue and Refundable Advances

Deferred grant revenue and refundable advances consist of the following at December 31, 2025:

Conditional agreements	\$ 45,852,056
USDA monetization proceeds	44,207,416
	<u>\$ 90,059,472</u>

#### Note 7. Employee Retirement Plans

TechnoServe has a retirement savings plan under Section 401(k) of the IRC for its U.S. employees and other employees serving as expatriates living abroad. TechnoServe matches employee contributions up to 4% and provides an additional 8% discretionary contribution for each participant's base compensation up to \$345,000. The discretionary contributions are fully vested after participants complete three years of service. The employee match of 4% is immediately vested.

TechnoServe has also adopted several host country national plans for employees living abroad who are not covered by the 401(k) plan. The contributions made to these plans for both employer and employee are governed per the local rules and regulations.

TechnoServe's contributions to the plans totaled \$2,185,526 for the year ended December 31, 2025, and are reported under salaries and benefits in the accompanying consolidated statement of functional expenses.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 8. Donor-Restricted Net Assets

As of December 31, 2025, donor-restricted net assets consist of the following:

Global	\$ 3,358,675
Africa	1,375,847
India and Southeast Asia	559,599
Latin American and Caribbean	292,430
	<u>\$ 5,586,551</u>

Donor-restricted net assets released during the year ended December 31, 2025, were for the following:

Global	\$ 1,166,403
Africa	648,452
India and Southeast Asia	187,624
Latin American and Caribbean	88,090
	<u>\$ 2,090,569</u>

#### Note 9. Commitments, Contingencies and Risks

**U.S. federal grants:** TechnoServe participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by the United States Agency for International Development (USAID) and the USDA or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

**Provisional indirect cost rates:** Billings under cost-reimbursable U.S. government grants and contracts are calculated using provisional rates that permit recovery of indirect costs in accordance with TechnoServe's negotiated indirect cost rate agreement with the United States Department of Interior (DOI), TechnoServe's cognizant agency. These rates are subject to final determination by the DOI. For the year ended December 31, 2025, revenue from U.S. government grants and contracts that were active during 2025 has been recognized using the actual rate achieved, which is less than the provisional rate currently approved by DOI. The difference between revenue recognized under the actual rate versus provisional rate was not material to these consolidated financial statements. In the opinion of management, adjustments, if any, from the final determination by DOI, will not have a material effect on TechnoServe's financial position as of December 31, 2025, or results of operations for the year then ended.

**International operations:** TechnoServe has field offices in various countries in Africa, Latin America, the Caribbean and India. The future results of TechnoServe's programs could be adversely affected by a number of potential factors such as changes in the political climate, inflation and currency fluctuation.

**Litigation:** TechnoServe is involved in various claims and legal actions arising in the ordinary course of business. Based upon information currently available, management believes the ultimate disposition of these matters will not have a material adverse effect on its financial position, changes in net assets or cash flows.

## TechnoServe, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 10. Liquidity and Availability Disclosures

TechnoServe regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. The table below represents financial assets available for general expenditures within one year of December 31, 2025:

Cash and cash equivalents	\$ 103,708,698
Investments	1,848,838
Grants and contributions receivable	9,587,663
Program grants advances and other receivables	<u>1,724,180</u>
Total financial assets available	116,869,379
Other assets associated with charitable gift annuity agreements	(1,012,969)
Refundable advances	(90,059,472)
Donor-restricted net assets	<u>(5,586,551)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 20,210,387</u></u>

TechnoServe has various sources of liquidity at its disposal, including cash and cash equivalents (which includes money market funds) and a line of credit. See Note 11 for information about the TechnoServe's line of credit.

Principal and interest on programmatic investments and loans are not included in the analysis as those amounts are used solely to make new loans and are, therefore, not available to meet current operating needs. Based on historical experience, only the portion of contributions receivable due within one year are considered available for use in meeting annual operating needs (liquid).

#### Note 11. Line of Credit

During 2025, TechnoServe entered into a line of credit agreement with a maximum borrowing amount of \$4,000,000. As of year end, the line of credit was set to expire on March 31, 2026. Subsequent to year end, the line of credit term was extended to June 30, 2026. Borrowings under the line of credit bear interest at the Term SOFR Daily Floating Rate plus 2.55 percentage points.

As of December 31, 2025, there were no borrowings outstanding, nor any borrowings during calendar year 2025.

#### Note 12. Conditional Grants

As of December 31, 2025, TechnoServe has \$158,414,178 of revenue to be earned on various conditional grants from various sources, including \$6,412,544 from the U.S. government. This amount is not recognized in the accompanying consolidated financial statements, as such revenue is recognized over the multiyear period of each respective grant agreement, conditional upon management of TechnoServe complying with grant requirements.

TechnoServe has made conditional promises (conditional grants) to implementing partners of \$23,019,439 as of December 31, 2025. Future payments are contingent upon the implementing partners carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.