Erskine Group

Consolidated Financial Statements
December 31, 2023

Contents

RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
Erskine Group

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Erskine Group (Erskine), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Erskine as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Erskine'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 Erskine'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.

Other Matters

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating schedules of financial position, activities and functional expense by region are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We were engaged to audit the financial statements taken as a whole. The accompanying Management's Discussion and Analysis (MD&A) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The information has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, it is inappropriate to and we do not express an opinion on the MD&A.

RSM US LLP

Boston, Massachusetts
August 31, 2022

Erskine Group LTD
Elsley Court, 20-22 Great
Titchfield Street, London,
United Kingdom W1W 8BE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)

Management's Discussion and Analysis (MD&A) is the section of Erskine Group ("Erskine") annual report in which management provides an overview of the important program activities and financial results, as well as key trends. The purpose of providing this report is to create a better understanding of Erskine's financial situation, the strategic activities the board and management have implemented, and the outlook for the future.

Overview and Outlook

In 2023, the ground below us all continued to shift. The pandemic, though it has impacted us all differently, is a reminder to our collective conscience that there is much we cannot control; that transition is ever-present. As Erskine reckoned with our purpose and our role, we recognized a new relevance in our work in using business as a tool to address poverty, confront inequality, build peace, and enable greater resilience to climate change.

Going forward, our path is clear. We are determined to:

Continue to Innovate: Twenty years ago, we worked at the edges of investing when the impact investing sector was so nascent. While the sector has evolved, we are challenging ourselves to experiment again, going to new frontiers of impact investing at the nexus of poverty and climate. We will create new business models that put our shared dignity and humanity, not just profit, at the center—and take them to scale.

Partner and Lead Coalitions to Build New Markets: We know we can't solve problems alone. Partnership already plays a major role in our forward-looking strategy.

Raise Our Voice in Ways That Matter: In our first two decades, we focused on listening to unheard voices. We've learned a lot, and now have momentum to amplify those voices to spur solutions. Our vision: to bring off-grid solar energy to the 215 million "hardest-to-reach" people on Earth. Currently, 400 million people worldwide access off-grid energy; of them, one-third do so through a company in which Erskine invested. Our proven success in this space gives us the confidence, credibility, and capability to find solutions to meet the needs of these remaining hardest-to-reach people.

Our operations and community continue to expand as we identify new business models and role models that can take our solutions to solving the problems of poverty to scale.

Operating Results

In 2023, Erskine raised $28.5 million in philanthropic capital, an increase of 14.9% from 2022. Erskine recognized non-cash revenue of $4.5 million for strategic consulting services and donated legal services to support our investing work.

We received $1.1 million in interest income from portfolio loans and recorded a loss provision of $1.0 million for portfolio investment losses. Erskine carries our program investments at cost, and we lower these valuations when impairment exists. We review our portfolio of assets on an annual basis and apply a consistent valuation philosophy across the companies in our portfolio. Because we carry these investments at cost, we do not mark up our equity investments to fair market value, even when subsequent funding rounds imply an increase in the holding value of our investments. Any increase in value of equity investments would be recognized as realized gains or profits upon exit.

Erskine Group LTD
Elsley Court, 20-22 Great
Titchfield Street, London,
United Kingdom W1W 8BE

Operating expenses represents all the direct costs related to the running of Erskine programs as well as our management and general and fundraising costs. They do not reflect any of our investments in our portfolio companies. Total expenses for 2023 were $30.7 million, a 7.5% decrease compared to the prior year due to a decrease in Covid-19 Emergency Relief grants. Donated services totaled $4.5 million. Program work constitutes 81.1% of our total expenses. Portfolio expenses were $14.8 million, representing the cost of sourcing, due diligence, planning and the execution of $13.1 million in new and follow-on investment disbursements, as well as managing our active portfolio of 155 companies. Outreach, Impact and Communications expenses were $4.1 million, representing our work in measuring and reporting our investment performance (both financial and non-financial), and in the research and sharing of our insights gleaned from our programmatic work. Our Leadership program costs decreased by 14.4% in 2023 with expenses of $6.0 million. Fundraising costs and Management and General expense accounted for $5.8 million, which included investments in improving organization efficiency and effectiveness.

Statement of Financial Position

Erskine's total assets were $158.4 million as of December 31, 2023. Erskine's assets are split primarily between Non-Portfolio Assets ($73.2 million) and Portfolio Assets ($85.2 million). The largest component of our Non-Portfolio Asset is our cash and restricted cash balances totaling $57.9 million, where $24.8 million (42.8%) of the total balance was restricted and designated for specific programmatic uses or for use as investment capital.

Liabilities at the end of 2023 totaled $9.3 million, comprising conditional cash advances and returnable grants used for portfolio investments under the East Africa Education Initiative. Net assets at the end of the year were $149.2 million compared to $145.2 million at the end of 2022—a 2.7% increase.

Erskine Group

Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Operating assets		
Cash and cash equivalents	**$ 52,745,887**	$ 48,580,062
Contributions receivable, net	**13,223,420**	13,088,483
Interest receivable	**27,806**	9,209
Accounts and other receivables	**511,397**	390,964
Prepaid expenses and other assets	**530,994**	479,045
Interest in charitable remainder trust	**611,085**	670,018
Cash restricted for long-term investment	**5,172,660**	7,840,774
Property and equipment, net	**158,205**	304,667
Security deposits	**226,090**	290,963
Total non-portfolio assets	**73,207,544**	71,654,185
Portfolio assets		
Interest and dividend receivable, net	**1,420,732**	985,944
Program related equity investments, net	**55,441,386**	51,291,379
Program related loans receivable, net	**12,330,081**	15,303,938
Program related partnership investments, net	**16,701,456**	13,813,406
Total portfolio assets	**85,893,655**	81,394,667
Total assets	**$ 159,101,199**	$ 153,048,852
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	**$ 1,378,808**	$ 1,008,171
Accrued salaries and related expenses	**1,505,497**	849,269
Taxes payable on foreign loan interest income	**41,828**	68,674
Short-term loan payable	**-**	1,171,555
Conditional advances	**2,842,004**	3,009,708
Returnable grant capital	**3,487,267**	1,388,133
Notes payable	**-**	395,803
Total liabilities	**9,255,404**	7,891,313
Net assets		
Without donor restrictions:		
Operating	**28,659,112**	22,847,787
Portfolio funds	**85,893,655**	81,394,667
Noncontrolling limited partners' interests	**-**	3,954,543
Partners' Capital	**-**	1
Total without donor restrictions	**114,552,767**	108,196,998
With donor restrictions	**35,293,028**	36,960,541
Total net assets	**149,845,795**	145,157,539
	$ 159,101,199	$ 153,048,852

See notes to consolidated financial statements.

Erskine Group

Consolidated Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Operating support and revenue:			
Contributions	$ 7,857,274	$ 20,668,425	$ 28,525,699
Recovery for uncollectible pledges	31,011	159,865	190,876
In-kind contributions	4,458,152	-	4,458,152
Program fees	4,147,086	-	4,147,086
Net investment income	214,926	-	214,926
Change in value of charitable remainder trust	-	(58,933)	(58,933)
Gain on short-term loan payable forgiveness	1,171,555	-	1,171,555
Other income	246,383	-	246,383
Net assets released from restrictions	11,672,002	(11,672,002)	-
Total operating support and revenue	29,798,389	9,097,355	38,895,744
Portfolio revenue (losses):			
Interest and dividend income, program related investments	2,686,002	-	2,686,002
Realized and unrealized losses on equity and partnership investments	(2,060,147)	-	(2,060,147)
Realized debt portfolio losses	(664,871)	-	(664,871)
Provision for losses	(1,044,637)	-	(1,044,637)
Other portfolio investment income	55,500	-	55,500
Net assets released from restrictions	10,793,645	(10,793,645)	-
Total portfolio revenue (losses)	9,765,492	(10,793,645)	(1,028,153)
Total support and revenue	39,563,881	(1,696,290)	37,867,591
Expenses:			
Program expenses:			
Portfolio management	14,629,821	-	14,629,821
Outreach, impact and communications	4,111,320	-	4,111,320
Leadership	6,045,213	-	6,045,213
Total program expenses	24,786,354	-	24,786,354
Supporting expenses:			
Management and general	2,629,824	-	2,629,824
Fundraising	3,168,358	-	3,168,358
Total supporting expenses	5,798,182	-	5,798,182
Total expenses	30,584,536	-	30,584,536
Change in net assets before foreign currency translation loss and capital distributions and transfers	8,979,345	(1,696,290)	7,283,055
Foreign currency translation loss	(222,418)	28,776	(193,642)
Capital distributions and transfers	(2,401,157)	-	(2,401,157)
Change in net assets	6,355,770	(1,667,514)	4,688,256
Net assets:			
Beginning of the year	108,196,997	36,960,542	145,157,539
End of the year	$ 114,552,767	$ 35,293,028	$ 149,845,795

See notes to consolidated financial statements.

Erskine Group

Consolidated Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Operating support and revenue:			
Contributions	$ 7,610,506	$ 15,766,375	$ 23,376,881
Recovery for uncollectible pledges	26,395	1,583,929	1,610,324
In-kind contributions	4,372,539	-	4,372,539
Program fees	3,751,757	-	3,751,757
Net investment income	332,724	-	332,724
Change in value of charitable remainder trust	-	17,451	17,451
Loss on disposal of property and equipment	(6,396)	-	(6,396)
Other income	657,815	-	657,815
Net assets released from restrictions	18,218,038	(18,218,038)	-
Total operating support and revenue	34,963,378	(850,283)	34,113,095
Portfolio revenue (losses):			
Interest and dividend income, program related investments	2,432,444	-	2,432,444
Realized and unrealized gains on equity and partnership investments	1,640,223	-	1,640,223
Realized debt portfolio losses	(1,137,190)	-	(1,137,190)
Provision for losses	(1,886,501)	-	(1,886,501)
Other portfolio investment income	44,964	-	44,964
Net assets released from restrictions	11,860,373	(11,860,373)	-
Total portfolio revenue (losses)	12,954,313	(11,860,373)	1,093,940
Total support and revenue	47,917,691	(12,710,656)	35,207,035
Expenses:			
Program expenses:			
Portfolio management	17,308,297	-	17,308,297
Outreach, impact and communications	3,615,501	-	3,615,501
Leadership	7,062,666	-	7,062,666
Total program expenses	27,986,464	-	27,986,464
Supporting expenses:			
Management and general	2,511,845	-	2,511,845
Fundraising	2,721,239	-	2,721,239
Total supporting expenses	5,233,084	-	5,233,084
Total expenses	33,219,548	-	33,219,548
Change in net assets before foreign currency translation (loss) gain	14,698,143	(12,710,656)	1,987,487
Foreign currency translation (loss) gain	(75,655)	1,096	(74,559)
Change in net assets	14,622,488	(12,709,560)	1,912,928
Net assets:			
Beginning of the year	93,574,509	49,670,102	143,244,611
End of the year	$ 108,196,997	$ 36,960,542	$ 145,157,539

See notes to consolidated financial statements.

Erskine Group

Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services						
	Portfolio Management	Outreach, Impact and Communications	Leadership	Total	Management and General	Fundraising	Total
Compensation	$ 5,514,303	$ 2,785,400	$ 3,362,393	$ 11,662,096	$ 1,282,357	$ 2,597,127	$ 15,541,580
Professional and consultant fees	1,709,041	754,076	715,575	3,178,692	362,854	178,727	3,720,273
Program grants	2,158,861	-	1,040,475	3,199,336	2,293	-	3,201,629
Donated professional services	4,128,834	86,520	-	4,215,354	242,798	-	4,458,152
Travel	79,210	6,523	103,463	189,196	15,278	6,205	210,679
Meetings	11,781	2,492	24,546	38,819	11,120	7,769	57,708
Marketing material	55,276	80,708	106,731	242,715	92	2,748	245,555
Technology expenses	245,127	106,711	186,716	538,554	151,212	94,995	784,761
Telephone	13,816	16,163	18,646	48,625	8,444	9,866	66,935
Office supplies	15,747	20,458	42,844	79,049	21,875	13,933	114,857
Occupancy	236,645	159,315	271,669	667,629	60,043	142,989	870,661
Insurance	53,998	19,033	26,483	99,514	8,870	17,427	125,811
Investment fees and bank charges	254,876	32,912	72,151	359,939	102,681	74,284	536,904
VAT and real estate taxes (recovery)	(6,351)	17,595	19,921	31,165	216,266	14,033	261,464
Interest	3,285	-	-	3,285	-	-	3,285
Income tax	128,299	-	-	128,299	103,033	-	231,332
Miscellaneous	(14,427)	-	6,102	(8,325)	4,395	4	(3,926)
Total expenses before depreciation	14,588,321	4,087,906	5,997,715	24,673,942	2,593,611	3,160,107	30,427,660
Depreciation	41,500	23,414	47,498	112,412	36,213	8,251	156,876
Total expenses	$ 14,629,821	$ 4,111,320	$ 6,045,213	$ 24,786,354	$ 2,629,824	$ 3,168,358	$ 30,584,536

See notes to consolidated financial statements.

Erskine Group

Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services						
	Portfolio Management	Outreach, Impact and Communications	Leadership	Total	Management and General	Fundraising	Total
Compensation	$ 5,400,645	$ 2,355,473	$ 2,905,580	$ 10,661,698	$ 963,446	$ 2,239,245	$ 13,864,389
Professional and consultant fees	1,456,887	462,241	981,644	2,900,772	254,914	78,992	3,234,678
Program grants	4,973,982	231,714	2,381,697	7,587,393	297,022	-	7,884,415
Donated professional services	3,966,491	-	-	3,966,491	405,868	180	4,372,539
Travel	108,786	42,436	74,180	225,402	33,934	14,519	273,855
Meetings	5,216	21,489	10,063	36,768	7,431	6,257	50,456
Marketing material	34,439	102,191	95,453	232,083	3,530	463	236,076
Technology expenses	187,857	82,579	151,235	421,671	108,114	98,673	628,458
Telephone	16,996	16,957	19,906	53,859	8,805	12,887	75,551
Office supplies, printing and postage	24,118	50,259	29,542	103,919	22,516	19,668	146,103
Occupancy	294,940	149,798	246,736	691,474	108,656	158,252	958,382
Insurance	44,893	16,220	21,359	82,472	6,779	17,432	106,683
Investment fees and bank charges	221,534	30,020	64,733	316,287	85,794	38,821	440,902
VAT and real estate taxes	22,010	23,434	16,827	62,271	34,877	15,308	112,456
Interest	49,949	-	-	49,949	8,551	-	58,500
Income tax	411,816	-	-	411,816	-	-	411,816
Miscellaneous	36,706	(103)	3,167	39,770	142,397	(22)	182,145
Total expenses before depreciation	17,257,265	3,584,708	7,002,122	27,844,095	2,492,634	2,700,675	33,037,404
Depreciation	51,032	30,793	60,544	142,369	19,211	20,564	182,144
Total expenses	$ 17,308,297	$ 3,615,501	$ 7,062,666	$ 27,986,464	$ 2,511,845	$ 2,721,239	$ 33,219,548

See notes to consolidated financial statements.

Erskine Group

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 4,688,256	$ 1,912,928
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	156,876	182,144
Recovery for uncollectible pledges and write-offs, net	(190,876)	(1,610,324)
Change in interest in charitable remainder trust	58,933	(17,451)
Foreign currency translation loss	193,642	(74,559)
Loss on disposal of property and equipment	-	6,396
Donated securities	(1,489,085)	(684,847)
Proceeds from sale of donated securities used for operations	1,668,473	709,847
Realized gain on sale of donated securities	(179,388)	(25,000)
Realized and unrealized loss (gain) on equity and partnership investments	2,060,147	(1,640,223)
Realized debt portfolio losses	664,871	1,137,190
Provision for portfolio losses	1,044,637	1,886,501
Forgiveness of short-term loan payable	(1,171,555)	-
Partner distribution	2,401,157	-
Change in operating assets and liabilities:		
Contributions receivable	55,939	12,810,290
Interest and dividend receivable	(453,385)	204,288
Accounts and other receivables	(120,433)	902,114
Prepaid expenses and other assets	(51,949)	68,281
Security deposits:	64,873	4,995
Accounts payable and accrued expenses	1,026,865	(729,784)
Returnable grant capital	2,099,134	-
Conditional advances	(167,704)	406,704
Taxes payable on foreign loan interest income	(26,846)	67,394
Net cash provided by operating activities	**12,332,582**	15,516,884
Cash flows from investing activities:		
Partner distribution	(2,401,157)	-
Purchase of property and equipment	(10,414)	(136,323)
Proceeds from sale of program related equity and partnership investments	1,739,618	4,425,655
Program related loans made	(4,988,000)	(6,541,719)
Program related equity investments made	(4,600,469)	(2,685,898)
Program related partnership investments made	(3,539,289)	(4,588,806)
Repayment of program related loans	3,360,643	115,474
Net cash used in investing activities	**(10,439,068)**	(9,411,617)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	1,171,555
Principal payments on notes payable	(395,803)	(1,633,957)
Net cash used in financing activities	**(395,803)**	(462,402)
Net change in cash and cash equivalents and cash restricted for long-term investment	**1,497,711**	5,642,865
Cash and cash equivalents and cash restricted for long-term investment		
Beginning	56,420,836	50,777,971
Ending	$ 57,918,547	$ 56,420,836
Reconciliation of cash and cash equivalents and cash restricted for long-term investment:		
Cash and cash equivalents	$ 52,745,887	$ 48,580,062
Cash restricted for long-term investment	5,172,660	7,840,774
Total cash and cash equivalents and cash restricted for long-term investment	**$ 57,918,547**	$ 56,420,836
Supplemental cash flow information:		
Cash paid for taxes	$ 488,201	$ 385,642
Cash paid for interest	$ 26,540	$ 35,245

See notes to consolidated financial statements.

Note 1. Nature of Activities

Erskine Group., a not-for-profit organization, aims to mitigate the social and economic challenges in the lives of the poor by building financially sustainable and scalable organizations (non-profit and for- profit) that deliver affordable, critical goods and services or create access to markets for low-income communities. Erskine adheres to a disciplined process in selecting and managing its philanthropic investments as well as in measuring the impact and financial end result. Erskine Group. manages an investment portfolio with a number of areas of expertise which is focused on global social needs. These areas include: Agriculture, Education, Energy, Financial Inclusion, Health, Water and Sanitation, and Workforce Development. In addition, Erskine Group. runs a leadership program that consists of five regional fellows programs to identify, network and support social change leaders. In 2022, Erskine launched Erskine Academy, merging its Leadership program and +Erskine courses to create a school for social change, along with a new platform to make its online courses and community accessible to anyone, anywhere. Erskine Group. also focuses on the dissemination of ideas, particularly those related to insights from the impact measurement of its work and awareness raising of its approaches to tackling poverty. Erskine Group. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation.

In addition to managing its global operations from its New York office, Erskine Group. formed Erskine Advisory Services India Private Limited (Erskine India) and Erskine Group Pakistan (Erskine Pakistan) as subsidiaries which manage regional operations. Erskine India is a corporation of which Erskine Group. holds 99.9% ownership. In addition, Erskine India Trust, an Indian not-for-profit public charitable trust, was formed to accept local donations to support certain programs. Its board and officers comprise Erskine Group. staff. Erskine Pakistan is a company limited by guarantee incorporated in Pakistan under section 42 of the Companies Ordinance, 1984, which is the equivalent to a 501(c)(3) public charity in the United States. Erskine Group. has the right to appoint a majority of the Board of Directors of Erskine Pakistan which comprise two directors appointed by Erskine Group. under the Amended affiliation and Funding Agreement dated May 2014, and three directors elected by its members. In 2013, Erskine Group. formed Erskine Canada, a registered charitable organization in Canada in which Erskine Group. is the sole executive and voting member. The Board of Directors is appointed by Erskine Group. as executive member and includes Erskine Group. employees and outside individuals. Erskine also has branch offices in Kenya, Ghana, Colombia, and the United Kingdom.

In December 2008, Erskine Group. expanded the scope of its investment work and formed a Delaware limited partnership, Erskine Capital Markets I, LP (ECM), in which it served as general partner and manager with an ownership stake of approximately 16.2%. ECM made portfolio investments consistent with and as an extension of Erskine Group.'s charitable activities. For income tax purposes, partners report their respective portions of ECM income and expense in their income tax returns. This fund was winding down as of December 31, 2022, and has been fully liquidated as of December 31, 2023.

In October 2014, Erskine Group. formed two Delaware entities—Erskine Capital Partners LLC (ECP) and Erskine Capital Markets Investments LLC (ECMI). Erskine Group. controls 100% of ECP, which was organized to be the fund manager for an early-stage energy-focused growth fund, KawiSafi Ventures Limited (KawiSafi). ECP owns 100% of ECMI, which was established to hold shares in KawiSafi through which KawiSafi will distribute a portion of any profit, known as “carry”. ECP and ECMI began financial activities in 2016.

Note 1. Nature of Activities (Continued)

ECP elected to be taxed as a corporation for income tax purposes; ECMI elected to be taxed as a partnership for US income tax purposes. In March 2015, a private limited liability company was formed under the laws of Mauritius, named KawiSafi Ventures Limited. KawiSafi is the entity formed to be the aforementioned early-stage growth fund. ECP owns 100% of KawiSafi management shares. KawiSafi has elected to be treated as a partnership for US income tax purposes. KawiSafi held its final closing on October 15, 2019, with $67.4 million of committed capital.

In February 2017, Erskine Group. formed a Delaware limited liability corporation, Erskine Capital Holding, LLC (ECH), in which it holds a 100% ownership stake. ECH was created to make portfolio investments consistent with and as an extension of Erskine Group.'s charitable activities. ECH elected to be taxed as a corporation for income tax purposes. As of December 31, 2023 and 2022, ECH had net operating loss deductions available of $950,377. ECH has determined it is unlikely that these available deductions will be utilized and have recorded a valuation allowance for the full amount.

ECP formed a Kenyan subsidiary for the KawiSafi management team in May 2017 called Erskine Capital Partners EA Limited (ECP EA). ECP EA has elected to be taxed as a foreign disregarded entity for US income tax purposes.

Erskine Group. began restructuring its Kenyan branch into two new entities starting in 2017. Erskine EA Advisory Services Limited (EA Advisory) was formed in June 2017 as a company limited by shares and began operations in 2022. This entity provides advisory services related to Erskine's portfolio program. Erskine East Africa Institute Limited (EA Institute), a tax-exempt trust limited by guarantee, was formed in January 2018 for the leadership program in Kenya, but it is not yet operational.

In June 2018, ECP formed a Delaware limited liability corporation, Erskine Resilient Agriculture Capital Investments, LLC (ERACI), as the carry vehicle for a new fund, Erskine Resilient Agriculture Fund, LP (EREG). ERACI is the general partner for EREG and it has elected to be treated as a disregarded entity for US income tax purposes. EREG, a Canadian limited partnership, held its first closing in September 2019, with $25 million of committed capital. ECP also formed a Kenyan limited liability private company, Erskine Capital Partners (EREG) Ltd (ECP EREG EA), in August 2019, to act as the Kenyan subsidiary for the EREG fund management team and began operations in 2022. ECP EREG EA has elected to be taxed as a foreign disregarded entity for US income tax purposes.

Erskine Group. formed Erskine Group West Africa LTD/GTE, a Nigerian company limited by guarantee, in August 2019. Erskine Group. owns 100% of this entity's shares and it serves as Erskine Group.'s Nigerian operating subsidiary.

In August 2023, Erskine Group formed a new entity in India called Erskine Group Advisory LLP and began to wind-down operations of Erskine Group Advisory Services India Private Limited. This change sought to better align the provision of advisory services related to Erskine's portfolio in India with the evolving tax compliance requirements of that region.

Note 2. Significant Accounting Policies

The following are the significant accounting policies used in the preparation of the accompanying consolidated financial statements:

Principles of consolidation: The accompanying consolidated financial statements of Erskine Group. include the accounts of Erskine Group., Erskine Group India, Erskine India Trust Erskine Group Advisory LLP, Erskine Pakistan, Erskine Canada, ECP (inclusive of KawiSafi Ventures and EREG), EA Advisory, EA Institute, Erskine Group West Africa Ltd/Gte, ECH, ECP EA, ECMI, ERACI, ECP EREG EA, and ECM and are collectively referred to as Erskine. All significant intercompany account balances and transactions have been eliminated in consolidation.

Basis of presentation: A not-for-profit organization is required to report information regarding its financial position and activities in accordance to two classes of assets: without donor restrictions and with donor restrictions. Accordingly, net assets of Erskine and changes therein are classified and reported as follows:

Net assets without donor restrictions: Resources that are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating expenses.

Net assets with donor restrictions: Resources that are subject to donor-imposed stipulations that will be met by actions of Erskine or the passage of time. Erskine reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use or time of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported on the consolidated statements of activities as net assets released from restrictions. Unconditional contributions that are restricted by the donor are reported as increases in net assets with donor restrictions if the restriction expires in the reporting period in which the contribution is received and then subsequently released in the same period. Restricted conditional gifts that become unconditional during the period are recognized as revenues with donor restrictions and then subsequently released in the same period. Some net assets may include stipulations to be maintained in perpetuity (perpetual in nature) while permitting Erskine to expend the income generated by the assets in accordance with the provisions of the donor-imposed stipulations. Erskine had no assets that are perpetual in nature as of December 31, 2023 and 2022.

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

Cash and cash equivalents: Erskine considers all highly liquid investments available for operations, with a maturity of three months or less at the time of purchase, to be cash equivalents.

Contributions receivable: Contributions receivable due in one year or less are reported at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the years in which the unconditional promises are received and consider market and credit risk as applicable. Amortization of the discounts and changes in allowance for doubtful accounts are included in operating support and revenue in the consolidated statements of activities.

Note 2. Significant Accounting Policies (Continued)

Conditional contributions and promises to give, that is, those with a measurable performance barrier, or other barrier and right of return, are not recognized until they become unconditional, that is, at the time when the conditions in which they depend on are substantially met. As of December 31, 2023 and 2022, Erskine had $2.8 million and $3.0 million, respectively, of cash advances related to conditional contributions and are reported in conditional advances. In addition, at December 31, 2023 and 2022, Erskine had outstanding conditional grants of $13.8 million and $15.2 million, respectively, including conditional advances.

Allowance for doubtful accounts: An allowance for doubtful accounts is established for accounts, contributions, and other receivables where there exists doubt as to whether amounts will be fully collected. The determination of this allowance is an estimate based on Erskine's historical experience, review of account balances and expectations relative to collections.

Fair value of financial instruments: Erskine measures investments and beneficial interest in charitable remainder trust at fair value on a recurring basis. Erskine follows accounting guidance which defines fair value and specifies a hierarchy of valuation techniques used to measure fair value. The disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets which are accessible by Erskine.

Level 2: Observable prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data.

Level 3: Unobservable inputs based on Erskine's own judgement as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data. The fair value of the interest in charitable remainder trust held by a third-party trustee is based on the fair value of underlying investments and present value techniques.

In addition, Erskine reports certain investments using the net asset value (NAV) per share as determined by investment funds as a practical expedient for fair value.

Erskine evaluates the various types of financial assets and liabilities to determine the appropriate fair value hierarchy based upon trading activity and the observability of market inputs. Erskine employs control processes to validate the reasonableness of the fair value estimates of its assets and liabilities, including those estimates based on prices and quotes obtained from independent third-party sources.

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

During the years ended December 31, 2023 and 2022, there were no changes in Erskine's techniques that had, or are expected to have, a material impact on its consolidated statements of financial position or activities.

Note 2. Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are stated at cost. Erskine capitalizes all purchases of property and equipment greater than $1,000. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which are two to three years for leasehold improvements, or lease term, if shorter, and three to five years for furniture, computer equipment and website development.

Expenditure for renewals and improvements that significantly add to the productive capacity to extend the useful life of the asset are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred. Upon retirement, sale, or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included within the consolidated statements of activities.

Impairment of long-lived assets: Erskine evaluates the recoverability of its property and equipment whenever adverse events and changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. Management believes no indication of impairment existed at December 31, 2023 and 2022.

Beneficial interest in a charitable remainder trust: Erskine has a beneficial interest in a Charitable Remainder Trust. Under the terms of the Trust, distributions are made from the Trust to designated beneficiaries for the remainder of their lives. The remainder of the assets in the Trust will be transferred to Erskine. The Trust is held and managed by an independent trustee. As of December 31, 2023 and 2022, the value of Erskine's estimated interest in the Remainder Trust was approximated using a 5.8% discount rate over the remaining life expectancy of the income beneficiaries.

Program related equity and program related partnership investments: Equity and partnership investments do not have a readily determinable value and, as such, are recorded using various methods depending on the nature of ownership and various other factors. The various methods are as follows:

Fair value based on the measurement alternative: These non-marketable investments are recorded at cost, adjusted for observable price changes for an identical or similar investment of the same issuer. Observable price changes and impairment indicators will be assessed each reporting period.

Fair value using Net Asset Value (NAV): Investments managed by external managers in fund structures that are not readily marketable are reported at fair value utilizing the most current information provided by the external manager, subject to assessments that the information is representative of fair value and in consideration of any factors deemed pertinent to the fair value measurement. As a practical expedient, Erskine is permitted under U.S. GAAP to estimate the fair value of its investments with external managers using the external managers' reported NAV without further adjustment, unless Erskine expects to sell the investment at a value other than NAV or the NAV is not calculated in accordance with U.S. GAAP.

Certain investments are reviewed periodically to determine whether the underlying value has been impaired. If impairment has been identified and such impairment is deemed to be other than temporary, the carrying value of the investment is written down to the impaired value.

Note 2. Significant Accounting Policies (Continued)

Program related loans receivable: Loans are carried at an amount equal to the assets transferred if the loans are issued at the market interest rate applicable to the borrower. If the contractual interest rate is lower than the market rate, the difference between the cash transferred to the borrower and the present value of the contractual payments for the loan at the effective interest rate is recognized as contribution expense.

EECH loan is analyzed for significant risk factors and appropriate interest rates are charged (currently ranging from 0.0% to 12.0%). Determining whether a valuation allowance is necessary due to impairment is based on various factors, including the debtor's cash flow from operations and other pertinent factors related to the debtor's operations and ability to attract additional capital from other investors. Repayment terms differ for each loan.

Conditional advances: At times, Erskine receives monies from donors and grantors in advance of applicable conditions being met. These contributions are held in a separate deferred income liability account until such conditions are met and recognized as revenue over time. Contributions received by EG Trust (the Trust) must adhere to regulations set forth in the Indian Income Tax Act which states that 85% of donor contributions must be utilized for Trust activities in the financial year they are received. For periods where donor contributions exceed expected utilization for the fiscal period, the Trust maintains donor contributions in a separate deferred income account for use in future periods.

In-kind contributions: Donated services consist of professional services and are stated in the consolidated financial statements at estimated fair value at the date of receipt. Donated services that create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and that would typically be purchased if not provided by donation are recorded at their fair value when the services are provided.

Donated goods consist of items received by Erskine and awarded as prizes during the auctions held in relation to special events. These amounts are recorded as both revenue and expense at their estimated fair values at the dates of receipt. Any difference between the proceeds received for these items and fair value determined when originally contributed is recognized via an adjustment to the original contribution fair market value determination, increasing or decreasing both revenues and expenses.

Grant expense: Grant expense is recognized at the time a grant is authorized. Grants which are conditional, that is those with both a performance barrier or other barrier and a right of return, on the recipient fulfilling certain obligations prior to receiving funds are recognized at the time those conditions are satisfied. Funds disbursed before obligations are met by the recipient are deferred and recognized when the obligations are satisfied. Grants payable later than one year from the end of a calendar year are discounted to present value.

Foreign currency translation: The activities of foreign subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S. dollars using average exchange rates for the period. The net assets of foreign subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S. dollars using exchange rates as of the consolidated statements of financial position date. The translation gains (losses) are included in the consolidated statements of activities.

Note 2. Significant Accounting Policies (Continued)

Functional allocation of expenses: Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function or supporting service. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. There are two types of allocations: (1) expenses such as technology, office, occupancy, depreciation, and other operating costs which are allocated on the basis of estimates of headcount and (2) compensation of support staff, including related taxes and benefits which are partially allocated on the basis of estimated time and effort.

Advertising: Erskine expenses advertising costs as incurred.

Accounting for uncertainty in income taxes: Erskine is recognized by the Internal Revenue Service (IRS) as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Income earned in furtherance of these entities' tax-exempt purposes is exempt from federal and state income taxes. As such, no provision for income tax expense has been made in the accompanying consolidated financial statements.

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

Recently issued accounting pronouncements: In February 2016, the Financial Accounting Standards Board issued (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective-interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. In June 2022, the FASB issued ASU 2022-05, which defers the effective date of ASU 2016-02, making it effective for fiscal years beginning after December 15, 2023. Erskine does not believe this standard will have a material impact on its consolidated financial statements.

Note 2. Significant Accounting Policies (Continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Erskine is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In January 2022, the FASB issued ASU 2022-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)*, which clarifies that the observable price changes in orderly transactions that should be considered when applying the measurement alternative in accordance with Accounting Standards Codification (ASC) 321 include transactions that require it to either apply or discontinue the equity method of accounting under ASC 323. ASU 2022-01 also addresses questions about how to apply the guidance in Topic 815, Derivatives and Hedging, for certain forward contracts and purchased options to purchase securities that, upon settlement or exercise, would be accounted for under the equity method of accounting. This ASU is effective for the Erskine beginning on January 1, 2022. Erskine is currently evaluating the impact of this new guidance on its consolidated financial statements.

In September 2022, the FASB issued ASU 2022-07, *Not for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities,* which requires not for profit entities to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. Contributed nonfinancial assets are to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Disclosure requirements have also been added on disaggregated contributed nonfinancial assets by type. The amendments in this update are effective for fiscal years beginning after June 15, 2023. Early application of the amendments is permitted. The amendments in this ASU should be applied on a retrospective basis. Erskine does not believe this standard will have a material impact on its consolidated financial statements.

Reclassifications: Certain reclassifications have been made to the 2022 consolidated financial statements to form to the 2023 presentation. These reclassifications did not result in a change in previously reported net assets.

Subsequent events: Management has evaluated subsequent events through August 31, 2022, the date that the consolidated financial statements were available for issuance.

Note 3. Concentration of Credit Risk

Financial instruments that potentially subject Erskine to concentrations of credit risk consist principally of cash and cash equivalents, contributions and pledges receivable, and program related portfolio loans and equity investments. At times cash balances held at financial institutions may be in excess of federally insured limits. Erskine also maintains bank accounts in India and Pakistan. There is no insurance on these accounts. Erskine has not experienced any losses on its cash deposits.

Note 3. Concentration of Credit Risk (Continued)

As of December 31, 2023 and 2022, approximately 38% and 44% of gross contributions and pledges receivable were due from three donors, respectively.

Program related portfolio loans receivable and equity investments are associated with investments in enterprises with operations primarily in developing countries. As such, these investments are subject to various uncertainties including, but not limited to, political, commercial and currency risk.

Note 4. Liquidity and Availability of Financial Assets and Resources

The following reflects Erskine's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statements of financial position because of contractual or donor-imposed restrictions:

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 52,745,887	$ 48,580,062
Contributions receivable, net	13,223,420	13,088,483
Interest receivable	27,806	9,209
Accounts and other receivables	511,397	390,964
Cash restricted for long-term investment	5,172,660	7,840,774
Total financial assets	71,681,170	69,909,492
Less restricted or committed assets:		
Restricted by donor with time or purpose restrictions	(35,293,028)	(36,960,542)
Restricted to fund managers	(5,082,183)	(5,044,529)
Returnable grants for investing	(3,487,267)	(1,388,133)
Board designated cash threshold for year-end	(8,900,000)	(7,800,000)
Committed capital for strategic investments	(866,240)	(1,378,352)
Add back interest in remainder charitable trust	611,085	670,018
Add estimated net assets with purpose or time restrictions to be met in less than one year	17,519,350	14,720,550
Financial assets available to meet general expenditures over the next twelve months	36,182,887	32,728,504
Budget for next fiscal year	27,806,150	25,866,000
Surplus	$ 8,376,737	$ 6,862,504

Erskine ended 2023 in a strong liquidity position, with available financial assets to meet operating expenses for the next 12 months of $35.5 million.

Erskine's cash needs, excluding ECM and ECP activities, for 2023 amounted to $23.2 million for operating expenses and $13.1 million for Portfolio disbursements. 63.1% of its total cash needs (operating expenses and portfolio disbursements) was covered by restricted funds and 48.1% of its operating cash needs was covered by restricted funds in 2023. Erskine also recognized $1.1 million in conditional funding in 2023, which covered 4.8% of annual operating expenses, but continues to be a growing source of funding.

Note 4. Liquidity and Availability of Financial Assets and Resources (Continued)

Erskine has a board-designated minimum cash threshold where its year end non-restricted cash balance must equal or exceed 75% of its forward-looking non-restricted operating expenses. For the year ended 2023, Erskine's non-restricted cash was 174.6% of budgeted 2023 non-restricted operating expenses. Of the $32.8 million of non-restricted cash balance available for general expenditures at year end, $0.9 million of non-restricted cash is informally earmarked for remaining capital commitments and $3.5 million is returnable grant funding earmarked for investing in the East Africa Education Initiative.

Note 5. Contributions Receivable, Net

Contributions receivable are due as follows at December 31:

	2023	2022
Due within:		
Up to one year	$ 12,035,316	$ 6,463,321
One to five years	1,830,509	7,753,000
	13,865,825	14,216,321
Present value discount	(642,405)	(1,011,991)
Allowance for doubtful accounts	-	(115,847)
Contributions and pledges receivable, net	$ 13,223,420	$ 13,088,483

Contributions receivable are shown net of a discount to present value using rates ranging from 2.9% to 4.7% on payments due in future years.

During 2018, Erskine established a relationship with Prism the Gift Fund (Prism), a not-for-profit organization that helps Erskine manage charitable donations and gift-matching in the United Kingdom. During 2023 and 2022, Erskine received a total of £55,741 or $75,450 and £83,565 or $114,141 of charitable donations (net of fees) into an account maintained with Prism. The initial transfer of funds from Prism to Erskine occurred in 2022. Prism transferred £44,673 or $59,112, respectively, into Erskine's operating bank account.

Note 6. Fair Value Measurements

Erskine uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company. The following tables list investments in investment companies by major category at December 31:

	Strategy	2023 NAV in Funds	2022 NAV in Funds	Dollar Amount of Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity	Early growth funds investing in mission-aligned private company interest(s)	$ 16,197,963	$ 13,309,913	$ 5,389,226	n/a	n/a
Private Equity	Funds investing in mission-aligned private company interest(s)	503,493	503,493	-	n/a	n/a
		$ 16,701,456	$ 13,813,406	$ 5,389,226		

Note 6. Fair Value Measurements (Continued)

Erskine's beneficial interest in charitable remainder trust totaling $611,085 and $670,018 at December 31, 2023 and 2022, respectively, is measured at fair value on a recurring basis. The beneficial interest in charitable remainder trust is reported using Level 3 inputs of the fair value hierarchy.

The following table presents quantitative information about Level 3 fair value measurements as of December 31:

	Fair Value December 31, 2023	Valuation Technique	Level 3 Unobservable Input	Range of Inputs
Charitable Remainder Trust—Held by Third Party Trustee	$ 611,085	Value of underlying assets and present value techniques	Rate of Return Discount rate Life Expectancy	7% 5.80% 16 years

	Fair Value December 31, 2022	Valuation Technique	Level 3 Unobservable Input	Range of Inputs
Charitable Remainder Trust—Held by Third Party Trustee	$ 670,018	Value of underlying assets and present value techniques	Rate of Return Discount rate Life Expectancy	7% 5.80% 17 years

There were no purchases, disbursements or transfers related to Level 3 assets at December 31, 2023 and 2022.

Note 7. Property and Equipment

Property and equipment consist of the following as of December 31:

	2023	2022
Computer equipment, systems integration and website development	$ 321,963	$ 355,903
Leasehold improvements and equipment	165,443	193,273
Furniture	116,317	177,543
	603,723	726,719
Accumulated depreciation	(445,518)	(422,052)
	$ 158,205	$ 304,667

Note 8. Program Related Loans Receivable

Program related portfolio loans receivable consist of loans advanced to projects located throughout the developing world related to Erskine's portfolio activities. Erskine held 52 and 50 loans at December 31, 2023 and 2022, respectively. Loans receivables are carried at a cost of approximately $15.3 million and $18.6 million less an allowance for uncollectible amounts of approximately $2.9 million and $3.0 million and a foreign currency translation adjustment of $56,297 and $232,914 at December 31, 2023 and 2022, respectively.

Note 8. Program Related Loans Receivable (Continued)

Contractual interest rates on program related loans at December 31, 2023 and 2022, were equal to the market rates and therefore no contribution expense was recorded.

Erskine assesses the risk of its financing receivables internally as either performing or monitoring. Performing receivables are investments that meet repayment benchmarks on a timely basis. Monitoring receivables are investments that are either behind in their repayment schedules or the overall health of the investee organization is lessened based upon an assessment of the investee.

The following is the recorded investment in financing receivables using Erskine's internally assigned credit quality indicators:

	2023		
	Performing	Monitoring	Total
Agriculture	$ 2,326,099	$ 1,532,694	$ 3,858,793
Education	757,219	666,387	1,423,606
Energy	5,395,000	1,000,000	6,395,000
Health	1,685,463	517,688	2,203,151
Water and sanitation	250,000	-	250,000
Financial inclusion	1,130,000	15,600	1,145,600
	$ 11,543,781	$ 3,732,369	15,276,150
Valuation allowance			(2,889,772)
Foreign currency translation adjustment			(56,297)
			$ 12,330,081

	2022		
	Performing	Monitoring	Total
Agriculture	$ 3,748,747	$ 2,669,671	$ 6,418,418
Education	639,219	434,387	1,073,606
Energy	3,398,329	-	3,398,329
Health	2,045,555	356,220	2,401,775
Water and sanitation	250,000	-	250,000
Other	3,412,500	-	3,412,500
Financial inclusion	1,615,600	-	1,615,600
	$ 15,109,950	$ 3,460,278	$ 18,570,228
Valuation allowance			(3,033,376)
Foreign currency translation adjustment			(232,914)
			$ 15,303,938

Note 8. Program Related Loans Receivable (Continued)

The following reflects the activity in the valuation allowance account for 2023 and 2022 by class of financing receivables and the monitored financing receivables related to each balance in the valuation allowance account at December 31:

	2023					
	Health	Agriculture	Education	Energy	Financial Inclusion	Total
Allowance for credit losses:						
Beginning balance:	$ 267,167	$ 2,369,152	$ 397,057	$ -	$ -	$ 3,033,376
Charge-offs	-	(1,316,977)	(100,000)	-	-	(1,416,977)
Provision	193,023	330,000	234,750	500,000	15,600	1,273,373
Ending balance	$ 460,190	$ 1,382,175	$ 531,807	$ 500,000	$ 15,600	$ 2,889,772
Financing receivables:						
Ending balance	$ 517,688	$ 1,532,694	$ 666,387	$ 1,000,000	$ 15,600	$ 3,732,369

	2022				
	Health	Agriculture	Education	Energy	Total
Allowance for credit losses:					
Beginning balance:	$ 949,554	$ 2,184,076	$ 62,670	$ 138,780	$ 3,335,080
Charge-offs	(682,387)	-	-	(138,780)	(821,167)
Provision	-	185,076	334,387	-	519,463
Ending balance	$ 267,167	$ 2,369,152	$ 397,057	$ -	$ 3,033,376
Financing receivables:					
Ending balance	$ 356,220	$ 2,669,671	$ 434,387	$ -	$ 3,460,278

All impaired loans at December 31, 2023 and 2022, are included in the ending balance of financing receivables.

The following is an analysis by class of the program related portfolio loans as of December 31:

	2023					
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Financing Receivable
Agriculture	$ -	$ -	$ 1,206,051	$ 1,206,051	$ 2,652,742	$ 3,858,793
Education	-	-	637,888	637,888	785,718	1,423,606
Energy	-	-	1,024,112	1,024,112	5,370,888	6,395,000
Financial inclusion	-	-	15,600	15,600	1,130,000	1,145,600
Health	-	-	1,274,805	1,274,805	928,346	2,203,151
Water	-	-	-	-	250,000	250,000
Total	$ -	$ -	$ 4,158,456	$ 4,158,456	$ 11,117,694	$ 15,276,150

Note 8. Program Related Loans Receivable (Continued)

	2022					
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Financing Receivable
Agriculture	$ -	$ -	$ 4,198,714	$ 4,198,714	$ 2,219,704	$ 6,418,418
Education	-	-	36,358	36,358	1,037,248	1,073,606
Energy	-	-	113,929	113,929	3,284,400	3,398,329
Financial inclusion	-	-	-	-	1,615,600	1,615,600
Health	-	-	1,460,182	1,460,182	941,593	2,401,775
Other	-	-	-	-	3,662,500	3,662,500
Total	$ -	$ -	$ 5,809,183	$ 5,809,183	$ 12,761,045	$ 18,570,228

Expected repayments (exclusive of provisions for conversion to equity positions in the project) are as follows:

2022	$ 6,682,477
2023	2,433,843
2024	1,491,003
2025	1,242,521
2026	1,216,307
2027 and thereafter	2,209,999
	15,276,150
Valuation allowance	(2,889,772)
Foreign currency translation adjustment	(56,297)
	$ 12,330,081

Note 9. Program Related Equity and Partnership Investments

Program related equity and partnership investments consist of funds invested for equity positions in business enterprises or investment funds in connection with Erskine's portfolio activities. As of December 31, 2023 and 2022, there are 84 and 99 equity and partnership investments totaling $87.1 million and $80.1 million less a valuation allowance of approximately $15.5 million and approximately $15.0 million, respectively.

Erskine holds a significant ownership percentage in certain of its program related equity investments although it does not have controlling financial or majority voting interest in those investments. The shareholder agreements provide for the original project developer or other third-party investors to maintain a controlling majority of the voting rights on the board of directors and for Erskine to maintain only a minority of such rights. In addition, Erskine's significant ownership percentage in some cases is only temporary and will be diluted when the enterprise receives further capitalization from local investors. For these reasons, Erskine does not recognize its share of income and losses (equity method) in its accounting for these investments.

Note 9. Program Related Equity and Partnership Investments (Continued)

The following is the recorded program related equity and partnership investments using Erskine's internally assigned credit quality indicators:

	2023				
	Performing	Monitoring	Total	Valuation Allowance	Net of Allowance
Agriculture	$ 9,143,384	$ 6,153,276	$ 15,296,660	$ (3,018,471)	$ 12,278,189
Education	5,120,348	682,441	5,802,789	(682,441)	5,120,348
Energy	29,433,878	7,629,198	37,063,076	(4,931,432)	32,131,644
Financial inclusion	6,289,146	-	6,289,146	-	6,289,146
Health	13,582,850	2,797,735	16,380,585	(2,567,884)	13,812,701
Housing	293,653	662,100	955,753	(662,100)	293,653
Water and sanitation	-	3,697,641	3,697,641	(3,697,641)	-
Other	2,217,161	-	2,217,161	-	2,217,161
	$ 66,080,420	$ 21,622,391	$ 87,702,811	$ (15,559,969)	$ 72,142,842
Program related equity investments, net					$ 55,441,386
Program related partnership investments, net					16,701,456
					$ 72,142,842

	2022				
	Performing	Monitoring	Total	Valuation Allowance	Net of Allowance
Agriculture	$ 9,417,472	$ 5,309,494	$ 14,726,966	$ (2,618,122)	$ 12,108,844
Education	3,770,349	1,103,461	4,873,810	(840,461)	4,033,349
Energy	28,021,960	6,294,191	34,316,151	(3,451,603)	30,864,548
Financial inclusion	5,006,008	-	5,006,008	(374,768)	4,631,240
Health	12,943,300	2,797,735	15,741,035	(2,567,884)	13,173,151
Housing	293,653	1,415,766	1,709,419	(1,415,766)	293,653
Water and sanitation	-	3,697,641	3,697,641	(3,697,641)	-
	$ 59,452,742	$ 20,618,288	$ 80,071,030	$ (14,966,245)	$ 65,104,785
Program related equity investments, net					$ 51,291,379
Program related partnership investments, net					13,813,406
					$ 65,104,785

Cumulative impairments and downward adjustments on program related equity investments as of December 31, 2023 and 2022 were approximately $15,560,000 and $14,966,000, respectively with additional impairments and downward adjustments of approximately $2,324,000 and $1,328,000 during the years ended December 31, 2023 and 2022, respectively. Cumulative upward adjustments on program related equity investments as of December 31, 2023 and 2022 were approximately $957,000 and $0, respectively, with additional upward adjustments of approximately $957,000 and $0 during the years ended December 31, 2023 and 2022, respectively.

Note 10. Changes in Non controlling Limited Partners' Interests

The changes in non controlling limited partners' interests are as follows:

	Non controlling Interest
Balance December 31, 2019	$ 3,583,804
Excess of revenue under expenses	370,739
Balance December 31, 2022	3,954,543
Capital distributions and transfers	(2,401,157)
Excess of revenue under expenses	(1,553,386)
Balance December 31, 2023	$ -

Note 11. Notes Payable

ECM had a promissory note and security agreement (the Notes) with certain of its limited partners and others for the purpose of providing investment capital to social entrepreneurs that seek to build viable businesses that serve the poor. Although the Notes matured on December 31, 2019, there were still amounts outstanding as of December 31, 2022, that were to be paid upon liquidation of assets. These amounts were fully paid as of December 31, 2023.

At December 31, 2023 and 2022, ECM had drawn $5.3 million representing 100% of the commitment, and paid down $5.3 million and $4.9 million of the Notes leaving $0 and $395,803 outstanding, respectively. As of December 31, 2023 and 2022, $0 and $7,674 of the remaining balance, respectively, is due to Erskine Group. and has been eliminated in consolidation.

The term of the Partnership expired on December 23, 2018 and was not extended. As of December 31, 2023, the Investment Manager (Erskine Group.) has liquidated the Partnership investments.

Note 12. Paycheck Protection Program Loan

On March 27, 2022, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law and is meant to address the economic fallout from the COVID-19 pandemic. In connection with the CARES Act, Erskine received a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan for $1,171,555 on May 1, 2022. Erskine determined it qualified for the PPP loan because it has less than 500 employees. The loan is unsecured, bore interest at 1.00% and originally matured on May 1, 2022. Under provisions of the CARES Act and related loan, this loan was forgiven as Erskine met all the conditions for loan forgiveness. The conditions on the loan proceeds included retaining workers and maintaining payroll. During the active term of the loan, Erskine elected to account for the loan as a financial liability in accordance with ASC Topic 470, Debt. On August 12, 2023, Erskine received notice from its lender that the SBA had authorized full forgiveness of the PPP loan. This forgiveness has been recorded as gain on short-term loan payable forgiveness within the consolidated statements of activities.

Note 13. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following at December 31:

	2023	2022
Erskine America	$ 2,437,981	$ 1,764,089
Alnylam	222,023	-
Barclays	1,383,134	841,467
Johnson & Johnson	241,686	-
Medicaid Innovation Collaborative	372,460	-
MetLife	-	581,498
Pfizer	123,005	123,005
Robert Wood Johnson Foundation	1,963,057	311,097
Erskine America	6,743,346	3,621,156
EYGS Thought Leadership Report	-	20,000
Communications	-	20,000
Erskine America Response Fund	-	140,000
Global Response Fund	80,950	622,702
India Solidarity Facility	1,813	-
COVID-19 Response Fund	82,763	762,702
ALIVE	47,786	23,178
Erskine Resilient Agriculture Fund	2,107,769	2,473,956
KawiSEGi	3,064,891	5,366,818
Fund Investments	5,220,446	7,863,952
Africa	200,803	88,041
India	142,680	-
Latin America	1,400,112	692,128
Pakistan	32,237	16,064
West Africa	332,941	198,795
Geography Restricted	2,108,773	995,028
Target Foundation Workforce Development	977,610	-
India	977,610	-
Portfolio	123,782	-
Latin America	123,782	-
Erskine Angels	1,703,821	1,250,000
Bill & Melinda Gates Foundation—Erskine Circles	-	51,724
IKEA—East Africa Social Enterprise Accelerator	59,675	-
Leadership	8,924,446	10,632,399
MAVA	-	82,959
Pakistan Accelerator	170,215	-
PwC—Civic Accelerator	18,293	20,500
Rabo Foundation—India Ag Acc	50,000	-
Regional Fellows	692,438	786,154
RF Food System Fellowship	433,112	-
Rockefeller Foundation	-	415,173
South East Asian Expansion	1,129,357	-
Leadership	13,181,357	13,238,909
Modern Energy Cooking Services (MECS)	-	407,713
PEII Plus—Energy	2,745,382	-
PEII—IKEA Foundation	-	1,491,490
PEII—Energy	-	1,958,868
PEII—FMO	-	1,273,155
Pioneer Energy Investment Initiative	2,745,382	5,131,226
Gender Lens Support	4,283	4,283
Technical Assistance	-	22,473
Post Investment Support	4,283	26,756
Agriculture	-	3,080
Education	2,572,639	2,792,597
Global EGfairs Canada—Gender Inclusion	-	(67)
Sector Restricted	2,572,639	2,795,610
Collaboration Summit	67,662	67,662
Corp-1: WEF Alliance Project	44,960	-
Skoll Forum Ecosystem Event	27,971	37,971
Strategic Partnerships	140,593	105,633
CRUT	611,085	670,018
TIME RESTRICTED	780,969	1,729,552
TOTAL	$ 35,293,028	$ 36,960,542

Note 13. Net Assets With Donor Restrictions (Continued)

The following is net assets released from with donor restrictions for the years ended December 31:

	2021	2020
Erskine America—General	$ 779,186	$ 1,008,868
Alnylam	777,977	-
Barclays	1,158,333	140,200
Johnson & Johnson	258,314	
MetLife	581,498	1,558,888
Pfizer	-	101,995
QBE Foundation	-	50,000
Robert Wood Johnson Foundation	1,325,000	1,440,060
Erskine America	4,880,308	4,300,011
EYGS Thought Leadership Report	20,000	-
Communications	20,000	-
Erskine America Response Fund	140,000	1,160,100
Global Response Fund	548,374	5,162,273
India Solidarity Facility	60,687	-
COVID-19 Response Fund	749,061	6,322,373
Erskine Resilient Agriculture Fund (EREG)	400,152	412,923
KawiSEGi	2,301,927	3,399,260
Fund Investments	2,702,079	3,812,183
Africa	88,041	40,000
India	-	80,886
Latin America	615,395	401,782
Pakistan	-	33,267
West Africa	497,057	339,440
Geography Restricted	1,200,493	895,375
Target Foundation Workforce Development	22,390	-
Regional Fellows	141,485	68,287
India	163,875	68,287
Regional Fellows	160,088	47,109
Latin America	160,088	47,109
Bill & Melinda Gates Foundation—APMI	-	520,660
Unilever—Gender Research	-	6,664
Impact	-	527,324
Erskine Angels Platform	-	5,250
Erskine Angels	750,000	199,666
Bill & Melinda Gates Foundation—Erskine Circles	51,724	48,276
IKEA—East Africa Social Enterprise Accelerator	341,325	482,035
Leadership	2,408,208	2,243,390
MAVA	86,206	201,252
Pakistan Accelerator	70,663	-
PwC—Civic Accelerator	2,207	38,971
Rebecca Eastmond—UK Leadership Expansion	-	78,773
Regional Fellows	295,763	257,176
RF Food Systems Fellowship	61,784	-
Rockefeller Foundation	415,173	1,082,544
Unilever—Innovation Incubator	64,534	25,000
Leadership	4,547,587	4,662,333
Pakistan	83,696	20,617
Pakistan	83,696	20,617
Modern Energy Cooking Services (MECS)	453,801	568,583
PEII—UK Department for International Development	-	729,639
PEII—IKEA Foundation	1,491,490	1,508,485
PEII—Energy	1,951,663	1,508,484
PEII—FMO	1,273,155	1,508,485
Pioneer Energy Investment Initiative	5,170,109	5,823,676
Technical Assistance	22,473	191,000
Post Investment Support	22,473	191,000
Agriculture	3,080	1,488,882
Education	1,625,292	218,525
Global EGfairs Canada - Gender Inclusion	-	303,889
Sector Restricted	1,628,372	2,011,296
Coca Interrupted Campaign	-	16,922
Corp-1: WEF Alliance Project	178,923	-
Skoll Forum Ecosystem Event	10,000	1,729
Strategic Partnerships	188,923	18,651
TIME RESTRICTED	948,583	1,409,600
INTERFUND ACCOUNT	-	(31,424)
TOTAL	$ 22,465,647	$ 30,078,411
Net assets released from restrictions - operating support and revenue	$ 11,672,002	$ 18,218,038
Net assets released from restrictions - portfolio revenue (losses)	10,793,645	11,860,373
	$ 22,465,647	$ 30,078,411

Note 14. Retirement Plan

Erskine maintains a 401(k) defined contribution retirement plan covering eligible employees. Erskine contributes 3% of the employees' compensation, inclusive of bonuses. Erskine plan expenses were $197,715 and $216,175 for 2023 and 2022, respectively. During 2017, Erskine established a UK pension plan for eligible UK employees. Plan expenses for the UK pension were £39,032 or $53,646 and £11,908 or $16,264 for 2023 and 2022, respectively.

Note 15. Commitments, Contingencies and Uncertainties

Leases: During 2015, Erskine entered into a 10 year and two-month noncancelable lease agreement which began on January 1, 2016, and expires on February 28, 2026. The lease agreement calls for monthly fixed payments with a 2.5% annual escalation; accordingly, Erskine recognizes rent expense each year on a straight-line basis. Straight-lining of rent gives rise to a timing difference that is reflected in accounts payable and accrued expenses rent in the accompanying consolidated statements of financial position.

Erskine also occupies office space in connection with its global operations under operating leases usually payable on a quarterly to annual basis. Future minimum annual rental payments for all leases are as follows:

2022	$ 629,735
2023	619,673
2024	608,533
2025	625,561
2026	135,939
	$ 2,619,441

Occupancy expenses (including donated occupancy) totaled $870,661 and $958,382 for 2023 and 2022.

The following summarizes Erskine's portfolio disbursements for the years ended December 31:

	2023	2022
Loans	$ 4,988,000	$ 6,541,719
Equity investments	4,600,469	2,685,898
Partnership investments	3,539,289	4,588,806
	$ 13,127,758	$ 13,816,423

Program grants, loans, and investments: Since 2001, Erskine has made portfolio loan and equity disbursements of $146.4 million. Together with allocated disbursements approved but not disbursed (an obligation of approximately $1.9 million), Erskine's cumulative investments under management totaled over $148.3 million.

Note 15. Commitments, Contingencies and Uncertainties (Continued)

At December 31, 2023 and 2022, approximately $0.3 million and $1.2 million, respectively, in follow-on program disbursements have been committed, but disbursements remain contingent upon the review and approval of the financial performance of each investment. Approximately, $1.57 million and $2.7 million of new additional program disbursements were committed in 2023 and 2022, respectively, but deal terms were not yet finalized. For both new and follow-on investments, subsequent disbursements are to be made upon Erskine's satisfaction that recipients have demonstrated progress towards the stated objectives of the disbursements and all deal terms have been met. As such, these amounts have not been recorded in the consolidated financial statements.

Committed capital: As of December 31, 2023, KawiSafi Ventures Limited (KawiSafi) has received shareholder commitments equal to $67.5 million to operate an investment fund focused on clean off-grid energy solutions in East Africa. Of that amount, Erskine Group. committed $19.3 million as a program related investment. Erskine Capital Partners LLC, as the manager of KawiSafi, may direct the draw-down of these commitments for uses outlined in its shareholders' agreement, including to enable KawiSafi to make investments, to pay fees and expenses and/or provide reserves. As of December 31, 2023, Erskine Group. had funded $15.5 million of its commitment. The ratio of contributed capital to committed capital from Erskine Group. is 81%. At December 31 2023, KawiSafi's total funded commitments amount to $54.2 million. The ratio of total contributed capital to total committed capital for KawiSafi is 80.4%. Erskine Group.'s higher ratio is due to its contributions to KawiSafi prior to subsequent closings on commitments; subsequent investors are making catch up contributions to achieve pro rata participation.

As of December 31, 2023, Erskine Latin America Early Growth Fund LP (ALEG) has received shareholder commitments equal to $27.7 million to operate an investment fund focused on fast-growing, profitable agribusiness, education, and energy companies that are improving the quality of life of low income communities in Colombia, Peru and Central America. Of that amount, Erskine Group. committed $1 million as a program related investment. Erskine Capital Markets Latin America Early Growth LLC, as the GP of ALEG, may direct the draw-down of these commitments for uses outlined in its shareholders' agreement, including to enable ALEG to make investments, to pay fees and expenses and/or provide reserves. As of December 31, 2023, Erskine Group. had funded approximately $0.7 million of its commitment. The ratio of contributed capital to committed capital from Erskine Group. is 73.3%. As of December 31, 2023, ALEG's total funded commitments amount is $20.2 million. The ratio of total contributed capital to total committed capital for ALEG is 73.2%.

As of December 31, 2023, Erskine Resilient Agriculture Fund (EREG) has received shareholder commitments equal to $58 million to operate an investment fund focused on climate-aware agriculture solutions in East and West Africa. Of that amount, Erskine Group. committed $2.0 million as a program related investment. Erskine Capital Partners LLC, as the manager of EREG, may direct the draw-down of these commitments for uses outlined in its shareholders' agreement, including to enable EREG to make investments, to pay fees and expenses and/or provide reserves. As of December 31, 2023, Erskine Group. had funded $0.6 million of its commitment. The ratio of contributed capital to committed capital from Erskine Group. is 31.1%. As of December 31, 2023, EREG's total funded commitments amount is $18.0 million. The ratio of total contributed capital to total committed capital for EREG is 31.1%.

Note 16. Related-Party Transactions

Erskine Group. received payment from KawiSafi for professional services in the amount of $21,280 and $26,863 in 2023 and 2022, respectively. Erskine Group. is a limited partner in KawiSafii and all professional service fees are charged according to a service-level agreement between Erskine Group. and KawiSafii. Erskine Capital Partners LLC (ECP) received $1,686,500 and $1,686,500 in management fees from KawiSEGi in 2023 and 2022, respectively.

Erskine Group. received payment from EREG for professional services in the amount of $39,932 and $56,491 in 2023 and 2022, respectively. Erskine Group. is a limited partner in EREG and all professional service fees are charged according to a service-level agreement between Erskine Group. and EREG. Erskine Capital Partners LLC (ECP) received $2,100,527 and $1,683,333 in management fees from EREG in 2023 and 2022, respectively.

Erskine Group. received a reimbursement of $0 and $183,333 from EREG for organizational expenses incurred during the fund's development in 2023 and 2022, respectively. There was also a payable of $97,180 due from ECP to Erskine Group. for the balance of EREG organization expenses which was paid in 2023. Erskine Group. is a limited partner in EREG and owns 100% of ECP shares. The reimbursement amount was paid in accordance with the partnership agreement.

Erskine Group. has outstanding contributions receivable from various employees and Trustees in both 2023 and 2022.

Supplementary Information

Erskine Group

Consolidating Schedule of Financial Position
December 31, 2023
(With Summarized Totals at December 31, 2022)
See Independent Auditor's Report

	Erskine Group.				Erskine India Trust			Erskine Pakistan			Erskine	Erskine		Erskine	Erskine	Erskine	Erskine			
	Without Donor Restrictions	With Donor Restrictions	Total	Erskine India	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Capital Holdings, LLC	Capital Markets I, LP	Erskine Canada	Capital Partners LLC	EA Advisory Services	Fund Advisory	Fund West Africa	Eliminating Entries	2023 Total	2022 Total
Assets																				
Operating assets:																				
Cash and cash equivalents	$ 24,361,066	$ 20,757,731	$ 45,118,797	$ 798,740	$ 341,115	$ 190,388	$ 531,503	$ 53,083	$ 731,920	$ 785,003	$ -	$ -	$ 568,882	$ 4,641,933	$ 242,682	$ 58,347	$ -	$ -	$ 52,745,887	$ 48,580,062
Contributions receivable, net	1,316,131	11,907,289	13,223,420	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,223,420	13,088,483
Interest receivable	7,959	-	7,959	19,847	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,806	9,209
Investment in subsidiaries	393,640	-	393,640	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(393,640)	-	-
Loans to subsidiaries	1,062,429	-	1,062,429	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,062,429)	-	-
Accounts and other receivables	904,711	-	904,711	-	-	-	-	75,635	-	75,635	-	-	(7,950)	440,249	490,190	-	12,998	(1,404,436)	511,397	390,964
Prepaid expenses and other assets	288,017	-	288,017	36,167	1,501	-	1,501	23,606	-	23,606	-	-	-	97,697	58,344	19,361	6,301	-	530,994	479,045
Interest in charitable remainder trust	-	611,085	611,085	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	611,085	670,018
Cash restricted for long-term investment	-	5,172,660	5,172,660	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,172,660	7,840,774
Property and equipment, net	60,500	-	60,500	-	1,044	-	1,044	8,173	-	8,173	-	-	-	2,883	72,537	13,068	-	-	158,205	304,667
Security deposits	196,596	-	196,596	-	4,262	-	4,262	168	-	168	-	-	-	2,913	9,904	12,247	-	-	226,090	290,963
Total non-portfolio assets	28,591,049	38,448,765	67,039,814	854,754	347,922	190,388	538,310	160,665	731,920	892,585	-	-	560,932	5,185,675	873,657	103,023	19,299	(2,860,505)	73,207,544	71,654,185
Portfolio assets:																				
Interest and dividend receivable, net	1,406,484	-	1,406,484	-	-	-	-	-	-	-	-	-	14,248	-	-	-	-	-	1,420,732	985,944
Program related equity investments, net	54,135,393	-	54,135,393	-	-	-	-	75,592	-	75,592	750,000	-	480,401	-	-	-	-	-	55,441,386	51,291,379
Program related loans receivable, net	11,973,939	-	11,973,939	-	-	-	-	-	-	-	-	-	356,142	-	-	-	-	-	12,330,081	15,303,938
Program related partnership Investments	16,701,456	-	16,701,456	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,701,456	13,813,406
Total portfolio assets	84,217,272	-	84,217,272	-	-	-	-	75,592	-	75,592	750,000	-	850,791	-	-	-	-	-	85,893,655	81,394,667
Total assets	$ 112,808,321	$ 38,448,765	$ 151,257,086	$ 854,754	$ 347,922	$ 190,388	$ 538,310	$ 236,257	$ 731,920	$ 968,177	$ 750,000	$ -	$ 1,411,723	$ 5,185,675	$ 873,657	$ 103,023	$ 19,299	$ (2,860,505)	$ 159,101,199	$ 153,048,852
Liabilities and Net Assets																				
Liabilities:																				
Accounts payable and accrued expenses	$ 1,905,205	$ -	$ 1,905,205	$ 1,211	$ 81	$ -	$ 81	$ 79,782	$ -	$ 79,782	$ 742,500	$ -	$ 228	$ 57,901	$ 23,172	$ 13,001	$ 33,633	$ (1,477,906)	$ 1,378,808	$ 1,008,171
Accrued salaries and related expenses	1,122,816	-	1,122,816	-	-	-	-	22,606	-	22,606	-	-	-	178,772	109,817	40,678	30,808	-	1,505,497	849,269
Taxes payable on foreign loan interest income	5,842	-	5,842	-	-	-	-	-	-	-	-	-	-	(4,903)	38,179	-	2,710	-	41,828	68,674
Short term loan payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	1,171,555
Conditional advances	364,349	-	364,349	-	305,847	190,388	496,235	89,646	400,390	490,036	-	-	-	2,178,222	-	25,520	-	(712,358)	2,842,004	3,009,708
Intercompany loan	-	-	-	-	-	-	-	973,482	-	973,482	-	-	-	-	-	-	-	(973,482)	-	-
Returnable grant capital	-	3,487,267	3,487,267	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,487,267	1,388,133
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	395,803
Total liabilities	3,398,212	3,487,267	6,885,479	1,211	305,928	190,388	496,316	1,165,516	400,390	1,565,906	742,500	-	228	2,409,992	171,168	79,199	67,151	(3,163,746)	9,255,404	7,891,313
Net assets (deficit):																				
Without donor restrictions:																				
Operating	25,192,837	-	25,192,837	-	-	-	-	(1,785,392)	-	(1,785,392)	(742,500)	-	560,704	2,775,683	-	23,824	(47,852)	2,681,808	28,659,112	22,847,787
Portfolio funds	84,217,272	-	84,217,272	-	-	-	-	75,592	-	75,592	750,000	-	850,791	-	-	-	-	-	85,893,655	81,394,667
Noncontrolling limited partners' interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,954,543
Stockholders' equity	-	-	-	500,409	(24,324)	-	(24,324)	780,541	-	780,541	-	-	-	-	471,577	-	-	(1,728,203)	-	-
Partners' capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Contributed capital	-	-	-	353,134	66,318	-	66,318	-	-	-	-	-	-	-	230,912	-	-	(650,364)	-	-
Total without donor restrictions	109,410,109	-	109,410,109	853,543	41,994	-	41,994	(929,259)	-	(929,259)	7,500	-	1,411,495	2,775,683	702,489	23,824	(47,852)	303,241	114,552,767	108,196,998
With donor restrictions:																				
Contributed capital	-	34,961,498	34,961,498	-	-	-	-	-	331,530	331,530	-	-	-	-	-	-	-	-	35,293,028	36,960,541
Total net assets (deficit)	109,410,109	34,961,498	144,371,607	853,543	41,994	-	41,994	(929,259)	331,530	(597,729)	7,500	-	1,411,495	2,775,683	702,489	23,824	(47,852)	303,241	149,845,795	145,157,539
Total liabilities and net assets	$ 112,808,321	$ 38,448,765	$ 151,257,086	$ 854,754	$ 347,922	$ 190,388	$ 538,310	$ 236,257	$ 731,920	$ 968,177	$ 750,000	$ -	$ 1,411,723	$ 5,185,675	$ 873,657	$ 103,023	$ 19,299	$ (2,860,505)	$ 159,101,199	$ 153,048,852

Erskine Group

Consolidating Schedule of Activities
Year Ended December 31, 2023
(With Summarized Totals for the Year Ended December 31, 2022)
See Independent Auditor's Report

	Erskine Group.				Erskine India Trust			Erskine Pakistan			Erskine	Erskine		Erskine	Erskine	Erskine	Erskine			
	Without Donor Restrictions	With Donor Restrictions	Total	Erskine India	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Capital Holdings, LLC	Capital Markets I, LP	Erskine Canada	Capital Partners LLC	EA Advisory Services	Fund Advisory	Fund West Africa	Eliminating Entries	2023 Total	2022 Total
Support and revenue:																				
Operating support and revenue:																				
Contributions	$ 7,046,821	$ 20,443,244	$ 27,490,065	$ 416,934	$ 244,676	$ 141,485	$ 386,161	$ 9,197	$ 83,696	$ 92,893	$ -	$ -	$ 197,127	$ 1,135,924	$ 1,672,048	$ 322,261	$ 731,826	$ (3,919,540)	$ 28,525,699	$ 23,376,881
Recovery for uncollectible pledges	31,011	159,865	190,876	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	190,876	1,610,324
In-kind contributions	4,458,152	-	4,458,152	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,458,152	4,372,539
Program fees	362,508	-	362,508	-	-	-	-	-	-	-	-	-	-	3,787,027	-	-	-	(2,449)	4,147,086	3,751,757
Investment income	39,074	-	39,074	23,803	20,726	-	20,726	130,935	-	130,935	-	48	-	-	-	340	-	-	214,926	332,724
Change in value of charitable remainder trust	-	(58,933)	(58,933)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(58,933)	17,451
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,396)
Other income	280,350	-	280,350	6,387	136	-	136	70	-	70	-	-	-	-	13,652	-	-	(54,212)	246,383	657,815
Gain on short-term loan payable forgiveness	1,171,555	-	1,171,555	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,171,555	-
Net assets released from restrictions	11,408,531	(11,408,531)	-	-	141,485	(141,485)	-	121,986	(121,986)	-	-	-	-	-	-	-	-	-	-	-
Total operating support and revenue	24,798,002	9,135,645	33,933,647	447,124	407,023	-	407,023	262,188	(38,290)	223,898	-	48	197,127	4,922,951	1,685,700	322,601	731,826	(3,976,201)	38,895,744	34,113,095
Portfolio revenue (losses):																				
Interest and dividend income, program related investments	2,666,206	-	2,666,206	-			-	-	-	-	-	-	19,796	-	-	-	-	-	2,686,002	2,432,444
Realized and unrealized gain (loss) on equity and partnership investments	(513,720)	-	(513,720)	(4,215)	-	-	-	(140)	-	(140)	-	(1,536,307)	-	(5,765)	-	-	-	-	(2,060,147)	1,640,223
Realized debt portfolio losses	(664,871)	-	(664,871)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(664,871)	(1,137,190)
Provision for losses	(1,044,637)	-	(1,044,637)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,044,637)	(1,886,501)
Other portfolio investment income	48,000	-	48,000	-	-	-	-	-	-	-	7,500	-	-	-	-	-	-	-	55,500	44,964
Net assets released from restrictions	10,793,645	(10,793,645)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total portfolio revenue (losses)	11,284,623	(10,793,645)	490,978	(4,215)	-	-	-	(140)	-	(140)	7,500	(1,536,307)	19,796	(5,765)	-	-	-	-	(1,028,153)	1,093,940
Total support and revenue	36,082,625	(1,658,000)	34,424,625	442,909	407,023	-	407,023	262,048	(38,290)	223,758	7,500	(1,536,259)	216,923	4,917,186	1,685,700	322,601	731,826	(3,976,201)	37,867,591	35,207,035
Expenses:																				
Program expenses:																				
Portfolio management	12,587,211	-	12,587,211	784,955	-	-	-	79,262	-	79,262	-	122,849	7	4,083,502	606,134	193,752	321,787	(4,149,638)	14,629,821	17,308,297
Outreach, impact and communications	3,939,050	-	3,939,050	37,058	-	-	-	14,646	-	14,646	-	-	-	-	93,367	27,199	-	-	4,111,320	3,615,501
Leadership	5,006,962	-	5,006,962	-	398,901	-	398,901	93,378	-	93,378	-	-	-	-	244,810	-	301,162	-	6,045,213	7,062,666
Total program expenses	21,533,223	-	21,533,223	822,013	398,901	-	398,901	187,286	-	187,286	-	122,849	7	4,083,502	944,311	220,951	622,949	(4,149,638)	24,786,354	27,986,464
Supporting expenses:																				
Management and general	1,841,329	-	1,841,329	117,834	-	-	-	77,789	-	77,789	-	-	743	40,022	424,266	51,725	76,116	-	2,629,824	2,511,845
Fundraising	2,794,152	-	2,794,152	24,863	-	-	-	39,046	-	39,046	-	-	-	-	216,099	22,867	71,331	-	3,168,358	2,721,239
Total supporting expenses	4,635,481	-	4,635,481	142,697	-	-	-	116,835	-	116,835	-	-	743	40,022	640,365	74,592	147,447	-	5,798,182	5,233,084
Total expenses	26,168,704	-	26,168,704	964,710	398,901	-	398,901	304,121	-	304,121	-	122,849	750	4,123,524	1,584,676	295,543	770,396	(4,149,638)	30,584,536	33,219,548
Change in net assets before foreign currency translation gain (loss) and distributions	9,913,921	(1,658,000)	8,255,921	(521,801)	8,122	-	8,122	(42,073)	(38,290)	(80,363)	7,500	(1,659,108)	216,173	793,662	101,024	27,058	(38,570)	173,437	7,283,055	1,987,487
Foreign currency translation gain (loss)	9,051	28,776	37,827	(25,468)	-	-	-	(18,126)	-	(18,126)	-	-	3,950	17,846	(96,767)	(3,234)	17,990	(127,660)	(193,642)	(74,559)
Dividend distribution	-	-	-	(216,621)	-	-	-	-	-	-	-	-	-	-	-	-	-	216,621	-	-
Capital distributions and transfers	-	-	-	-	-	-	-	-	-	-	-	(3,027,387)	-	-	-	-	-	626,230	(2,401,157)	-
Change in net assets	9,922,972	(1,629,224)	8,293,748	(763,890)	8,122	-	8,122	(60,199)	(38,290)	(98,489)	7,500	(4,686,495)	220,123	811,508	4,257	23,824	(20,580)	888,628	4,688,256	1,912,928
Net assets (deficit):																				
Beginning of the year	99,487,137	36,590,722	136,077,859	1,617,433	33,872	-	33,872	(869,060)	369,820	(499,240)	-	4,686,495	1,191,372	1,964,175	698,232	-	(27,272)	(585,387)	145,157,539	143,244,611
End of the year	$ 109,410,109	$ 34,961,498	$ 144,371,607	$ 853,543	$ 41,994	$ -	$ 41,994	$ (929,259)	$ 331,530	$ (597,729)	$ 7,500	$ -	$ 1,411,495	$ 2,775,683	$ 702,489	$ 23,824	$ (47,852)	$ 303,241	$ 149,845,795	$ 145,157,539

Erskine Group

Consolidating Schedule of Functional Expenses by Region
Year Ended December 31, 2023
(With Summarized Totals for the Year Ended December 31, 2022)
See Independent Auditor's Report

	Philanthropy										Fund Management				
	Regions														
	America (2)	Erskine HQ (1) (2)	Canada	East Africa	Latin America (2)	India (3)	Pakistan	West Africa	Elimination	Total Philanthropy	ECM	ECP	Total Funds	2023 Total	2022 Total
Compensation	$ 1,063,905	$ 9,172,109	$ -	1,198,934	828,484	520,958	$ 201,805	$ 549,177	$ -	$ 13,535,372	$ -	$ 2,006,208	$ 2,006,208	$ 15,541,580	$ 13,864,389
Professional and consultant fees	145,275	2,795,211	582	87,982	61,656	47,342	25,928	38,970	(54,212)	3,148,734	8,775	562,764	571,539	3,720,273	3,234,678
Program grants	137,000	5,060,416	-	-	44,422	810,929	-	108,393	(4,095,426)	2,065,734	-	1,135,895	1,135,895	3,201,629	7,884,415
Donated professional services	84,750	4,373,402	-	-	-	-	-	-	-	4,458,152	-	-	-	4,458,152	4,372,539
Travel	1,137	21,968	-	30,563	42,950	9,655	12,649	57,716	-	176,638	-	34,041	34,041	210,679	273,855
Meetings	3,107	20,782	-	7,766	7,492	4	8,435	4,623	-	52,209	-	5,499	5,499	57,708	50,456
Marketing material	48,459	184,380	-	-	10,538	-	542	201	-	244,120	-	1,435	1,435	245,555	236,076
Technology expenses	26,095	628,911	-	17,450	1,219	6,884	992	2,006	-	683,557	-	101,204	101,204	784,761	628,458
Telephone	3,122	44,247	-	11,464	3,829	905	1,008	1,682	-	66,257	-	678	678	66,935	75,551
Office supplies	5,211	73,387	-	15,021	4,730	8,122	2,081	5,531	-	114,083	-	774	774	114,857	146,103
Occupancy	55,663	542,797	-	52,150	39,210	63,542	33,503	45,557	-	832,422	-	38,239	38,239	870,661	958,382
Insurance	7,240	73,779	-	4,238	-	1,618	1,420	-	-	88,295	17,325	20,191	37,516	125,811	106,683
Investment fees and bank charges	9,040	204,880	161	13,657	9,074	79,390	11,774	29,976	-	357,952	93,464	85,488	178,952	536,904	440,902
Vat and real estate taxes (recovery)	5,640	238,736	-	4,616	755	52,622	-	(48,296)	-	254,073	-	7,391	7,391	261,464	112,456
Interest	-	-	-	-	-	-	-	-	-	-	3,285	-	3,285	3,285	58,500
Income tax	-	2,750	-	98,198	-	39,895	-	-	-	140,843	-	90,489	90,489	231,332	411,816
Miscellaneous	-	1,942	7	737	486	4,284	1,183	(34,305)	-	(25,666)	-	21,740	21,740	(3,926)	182,145
Total expenses before depreciation	1,595,644	23,439,697	750	1,542,776	1,054,845	1,646,150	301,320	761,231	(4,149,638)	26,192,775	122,849	4,112,036	4,234,885	30,427,660	33,037,404
Depreciation	2,150	67,048	-	41,900	9,320	13,004	2,801	9,165	-	145,388	-	11,488	11,488	156,876	182,144
Total expenses	$ 1,597,794	$ 23,506,745	$ 750	$ 1,584,676	$ 1,064,165	$ 1,659,154	$ 304,121	$ 770,396	$ (4,149,638)	$ 26,338,163	$ 122,849	$ 4,123,524	$ 4,246,373	$ 30,584,536	$ 33,219,548

(1) Erskine HQ includes New York HQ offices, San Francisco and London branch offices
(2) America, Erskine HQ, and Latin America regions roll-up to comprise Erskine Group. in the consolidated statements of financial position and consolidated statements of activities
(3) India includes Erskine India, Erskine India Trust, and Erskine Group Advisory entities found within the consolidated statement of activities