



# Inclusive Development International

## **INCLUSIVE DEVELOPMENT INTERNATIONAL**

Asheville, North Carolina

Financial Statements

Years Ended December 31, 2020 and 2019

# INCLUSIVE DEVELOPMENT INTERNATIONAL

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# INCLUSIVE DEVELOPMENT INTERNATIONAL

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Inclusive Development International

We have audited the accompanying financial statements of Inclusive Development International (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
Inclusive Development International  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inclusive Development International as of December 31, 2020 and 2019, 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.

*CARTER, P.C.*

Asheville, North Carolina  
May 26, 2021

**INCLUSIVE DEVELOPMENT INTERNATIONAL**

Statements of Financial Position  
December 31, 2020 and 2019

|  | 2020         | 2019         |
|--|--------------|--------------|
| <b>Assets</b>                            |              |              |
| Current assets:                          |              |              |
| Cash and equivalents:                    |              |              |
| Unrestricted                             | \$ 1,116,408 | \$ 694,821   |
| Restricted                               | 2,263,276    |              |
| Accounts receivable                      |              | 15,375       |
| Promises to give, current portion        | 478,222      | 495,170      |
| Other current assets                     | 6,640        | 28,890       |
| Total current assets                     | 3,864,546    | 1,234,256    |
| <br>                                     |              |              |
| Promises to give, net of current portion |              | 157,521      |
| <br>                                     |              |              |
| Total assets                             | \$ 3,864,546 | \$ 1,391,777 |
| <br>                                     |              |              |
| <b>Liabilities and net assets</b>        |              |              |
| Current liabilities:                     |              |              |
| Current maturities of note payable       | \$ 2,753     | \$           |
| Accounts payable                         | 12,205       | 23,619       |
| Accrued liabilities                      | 24,408       | 7,248        |
| Agency liability                         | 2,262,545    |              |
| Total current liabilities                | 2,301,911    | 30,867       |
| <br>                                     |              |              |
| Note payable, net of current maturities  | 1,757        |              |
| Total liabilities                        | 2,303,668    | 30,867       |
| <br>                                     |              |              |
| Net assets:                              |              |              |
| Without donor restrictions               | 308,997      | 215,375      |
| With donor restrictions                  | 1,251,881    | 1,145,535    |
| Total net assets                         | 1,560,878    | 1,360,910    |
| <br>                                     |              |              |
| Total liabilities and net assets         | \$ 3,864,546 | \$ 1,391,777 |

The accompanying notes are an integral part of these financial statements

**INCLUSIVE DEVELOPMENT INTERNATIONAL**

Statement of Activities  
Year Ended December 31, 2020

|  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---|--|---------------------|
| <b>Public support and other revenues</b> |   |  |                     |
| Foundations and grants                   | \$ 787,997                                | \$ 501,182                             | \$ 1,289,179        |
| Less: designations to others             |   | (23,750)                               | (23,750)            |
| Individual donations                     | 22,034                                    |  | 22,034              |
| Program service fees                     | 112,297                                   |  | 112,297             |
| Other income                             | 17,096                                    |  | 17,096              |
| Net assets released from restrictions    | <u>371,086</u>                            | <u>(371,086)</u>                       |                     |
| Total public support and other revenues  | <u>1,310,510</u>                          | <u>106,346</u>                         | <u>1,416,856</u>    |
| <br><b>Expenses</b>                      |   |  |                     |
| Program services                         | 1,014,805                                 |  | 1,014,805           |
| Supporting services                      | <u>202,083</u>                            |  | <u>202,083</u>      |
| Total expenses                           | <u>1,216,888</u>                          |  | <u>1,216,888</u>    |
| <br>Increase in net assets               | 93,622                                    | 106,346                                | 199,968             |
| <br>Net assets at beginning of year      | <u>215,375</u>                            | <u>1,145,535</u>                       | <u>1,360,910</u>    |
| <br>Net assets at end of year            | <u>\$ 308,997</u>                         | <u>\$ 1,251,881</u>                    | <u>\$ 1,560,878</u> |

The accompanying notes are an integral part of these financial statements

**INCLUSIVE DEVELOPMENT INTERNATIONAL**

Statement of Activities  
Year Ended December 31, 2019

|  | Without<br>Donor<br><u>Restrictions</u> | With<br>Donor<br><u>Restrictions</u> | <u>Total</u>        |
|--|---|--------------------------------------|---------------------|
| <b>Public support and other revenues</b> |   |                                      |                     |
| Foundations and grants                   | \$ 245,020                              | \$ 1,609,536                         | \$ 1,854,556        |
| Less: designations to others             |   | (23,750)                             | (23,750)            |
| Individual donations                     | 38,226                                  |                                      | 38,226              |
| Program service fees                     | 85,530                                  |                                      | 85,530              |
| Other Income                             | 53,696                                  |                                      | 53,696              |
| Net assets released from restrictions    | <u>805,496</u>                          | <u>(805,496)</u>                     |                     |
| Total public support and other revenues  | <u>1,227,968</u>                        | <u>780,290</u>                       | <u>2,008,258</u>    |
| <b>Expenses</b>                          |   |                                      |                     |
| Program services                         | 955,939                                 |                                      | 955,939             |
| Supporting services                      | <u>172,138</u>                          |                                      | <u>172,138</u>      |
| Total expenses                           | <u>1,128,077</u>                        |                                      | <u>1,128,077</u>    |
| Increase in net assets                   | 99,891                                  | 780,290                              | 880,181             |
| Net assets at beginning of year          | <u>115,484</u>                          | <u>365,245</u>                       | <u>480,729</u>      |
| Net assets at end of year                | <u>\$ 215,375</u>                       | <u>\$ 1,145,535</u>                  | <u>\$ 1,360,910</u> |

The accompanying notes are an integral part of these financial statements



**INCLUSIVE DEVELOPMENT INTERNATIONAL**

Statement of Functional Expenses  
Year Ended December 31, 2020

|                                     | Supporting Services |                         |                  |                                 | Total               |
|-------------------------------------|---------------------|-------------------------|------------------|---------------------------------|---------------------|
|                                     | Program<br>Services | Management<br>& General | Fundraising      | Total<br>Supporting<br>Services |                     |
| Salaries and wages                  | \$ 475,536          | \$ 27,363               | \$ 45,443        | \$ 72,806                       | \$ 548,342          |
| Payroll taxes                       | 31,182              | 1,940                   | 3,019            | 4,959                           | 36,141              |
| Benefits                            | 46,973              | 4,459                   | 3,547            | 8,006                           | 54,979              |
| Workers compensation                | 1,252               |                         |                  |                                 | 1,252               |
| Payroll service fees                | 415                 | 1,331                   |                  | 1,331                           | 1,746               |
| Professional development            | 7,050               |                         |                  |                                 | 7,050               |
| Retirement benefits                 | 16,593              | 1,094                   | 1,276            | 2,370                           | 18,963              |
| Total salaries and related expenses | 579,001             | 36,187                  | 53,285           | 89,472                          | 668,473             |
| Travel                              | 20,883              |                         |                  |                                 | 20,883              |
| Meetings, conferences, and training | 17,725              |                         |                  |                                 | 17,725              |
| Program contractors                 | 286,189             |                         |                  |                                 | 286,189             |
| Translation and interpretation      | 17,166              |                         |                  |                                 | 17,166              |
| Database licensing                  | 28,589              |                         |                  |                                 | 28,589              |
| Printing/publication                | 6,514               |                         |                  |                                 | 6,514               |
| Litigation                          | 10,000              |                         |                  |                                 | 10,000              |
| Partner grants                      | 23,630              |                         |                  |                                 | 23,630              |
| Accounting                          | 10,673              | 26,616                  |                  | 26,616                          | 37,289              |
| Video advocacy                      | 1,930               |                         |                  |                                 | 1,930               |
| Legal                               |                     | 2,020                   |                  | 2,020                           | 2,020               |
| Rent                                | 2,184               | 28,217                  |                  | 28,217                          | 30,401              |
| Telecommunications                  | 1,116               | 6,881                   |                  | 6,881                           | 7,997               |
| IT services                         | 322                 | 7,210                   |                  | 7,210                           | 7,532               |
| Office supplies                     |                     | 1,575                   |                  | 1,575                           | 1,575               |
| Printing and copying                |                     | 1,598                   |                  | 1,598                           | 1,598               |
| Postage and shipping                | 498                 | 688                     |                  | 688                             | 1,186               |
| Computer hardware                   | 836                 | 2,115                   |                  | 2,115                           | 2,951               |
| Dues and memberships                |                     | 1,293                   |                  | 1,293                           | 1,293               |
| Staff travel                        | 200                 | 1,231                   | 210              | 1,441                           | 1,641               |
| Meals                               |                     | 523                     |                  | 523                             | 523                 |
| Meetings                            |                     | 304                     |                  | 304                             | 304                 |
| Advertising                         |                     | 576                     |                  | 576                             | 576                 |
| Marketing                           | 7,349               | 1,837                   |                  | 1,837                           | 9,186               |
| Insurance                           |                     | 1,506                   |                  | 1,506                           | 1,506               |
| Fundraising & communications        |                     |                         | 13,610           | 13,610                          | 13,610              |
| Official Fees                       |                     | 266                     |                  | 266                             | 266                 |
| Interest and bank charges           |                     | 1,300                   |                  | 1,300                           | 1,300               |
| Miscellaneous expenses              |                     | 13,035                  |                  | 13,035                          | 13,035              |
| <b>Total expenses</b>               | <b>\$ 1,014,805</b> | <b>\$ 134,978</b>       | <b>\$ 67,105</b> | <b>\$ 202,083</b>               | <b>\$ 1,216,888</b> |

The accompanying notes are an integral part of these financial statements

## INCLUSIVE DEVELOPMENT INTERNATIONAL

### Statement of Functional Expenses Year Ended December 31, 2019

|                                     | Supporting Services |                         |             |                                 | Total        |
|-------------------------------------|---------------------|-------------------------|-------------|---------------------------------|--------------|
|                                     | Program<br>Services | Management<br>& General | Fundraising | Total<br>Supporting<br>Services |              |
| Salaries and wages                  | \$ 335,573          | \$ 20,089               | \$ 25,644   | \$ 45,733                       | \$ 381,306   |
| Payroll taxes                       | 25,692              | 1,520                   | 1,956       | 3,476                           | 29,168       |
| Benefits                            | 26,364              | 2,459                   | 883         | 3,342                           | 29,706       |
| Workers compensation                | 1,099               |                         |             |                                 | 1,099        |
| Payroll service fees                | 131                 | 1,407                   |             | 1,407                           | 1,538        |
| Professional development            | 366                 | 725                     |             | 725                             | 1,091        |
| Retirement benefits                 | 12,995              | 473                     | 1,319       | 1,792                           | 14,787       |
| Total salaries and related expenses | 402,220             | 26,673                  | 29,802      | 56,475                          | 458,695      |
| Travel                              | 86,467              |                         |             |                                 | 86,467       |
| Meetings, conferences, and training | 40,429              |                         |             |                                 | 40,429       |
| Program contractors                 | 303,472             |                         |             |                                 | 303,472      |
| Translation and interpretation      | 9,124               |                         |             |                                 | 9,124        |
| Database licensing                  | 23,253              |                         |             |                                 | 23,253       |
| Printing/publication                | 7,006               |                         |             |                                 | 7,006        |
| Partner grants                      | 33,899              |                         |             |                                 | 33,899       |
| Accounting                          |                     | 31,517                  |             | 31,517                          | 31,517       |
| Legal                               |                     | 78                      |             | 78                              | 78           |
| Rent                                | 2,749               | 26,640                  |             | 26,640                          | 29,389       |
| Telecommunications                  | 943                 | 3,601                   |             | 3,601                           | 4,544        |
| IT services                         | 239                 | 3,055                   | 384         | 3,439                           | 3,678        |
| Office supplies                     | 297                 | 2,956                   |             | 2,956                           | 3,253        |
| Printing and copying                | 2                   | 911                     |             | 911                             | 913          |
| Postage and shipping                | 119                 | 319                     |             | 319                             | 438          |
| Computer hardware                   | 760                 | 2,082                   |             | 2,082                           | 2,842        |
| Furniture and equipment             |                     | 892                     |             | 892                             | 892          |
| Dues and memberships                |                     | 515                     |             | 515                             | 515          |
| Staff travel                        | 400                 | 2,991                   | 3,265       | 6,256                           | 6,656        |
| Meals                               |                     | 1,558                   |             | 1,558                           | 1,558        |
| Meetings                            |                     | 5,102                   | 648         | 5,750                           | 5,750        |
| Advertising                         | 17                  | 473                     |             | 473                             | 490          |
| Marketing                           | 43,620              | 10,905                  |             | 10,905                          | 54,525       |
| Insurance                           |                     | 962                     |             | 962                             | 962          |
| Fundraising & communications        |                     |                         | 3,688       | 3,688                           | 3,688        |
| Official Fees                       | 818                 | 277                     |             | 277                             | 1,095        |
| Interest and bank charges           | 105                 | 1,405                   |             | 1,405                           | 1,510        |
| Board expenses                      |                     | 10,058                  | 1,362       | 11,420                          | 11,420       |
| Miscellaneous expenses              |                     | 19                      |             | 19                              | 19           |
| Total expenses                      | \$ 955,939          | \$ 132,989              | \$ 39,149   | \$ 172,138                      | \$ 1,128,077 |

The accompanying notes are an integral part of these financial statements

## INCLUSIVE DEVELOPMENT INTERNATIONAL

### Statements of Cash Flows Years Ended December 31, 2020 and 2019

|   | 2020                | 2019              |
|---|---------------------|-------------------|
| <b>Cash flows from operating activities</b>   |                     |                   |
| Increase in net assets  | \$ 199,968          | \$ 880,181        |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: |                     |                   |
| Present value adjustment  | (4,505)             | 4,505             |
| Gain on forgiveness of PPP loan   | (79,768)            |                   |
| Changes in working capital - sources (uses):  |                     |                   |
| Accounts receivable   | 15,375              | (13,250)          |
| Promises to give  | 178,974             | (411,596)         |
| Other current assets  | 22,250              | (919)             |
| Accounts payable  | (11,414)            | 21,992            |
| Accrued liabilities   | 17,160              | 5,648             |
| Agency liability  | <u>2,262,545</u>    |                   |
| Net cash provided by operating activities   | <u>2,600,585</u>    | <u>486,561</u>    |
| <b>Cash flows from financing activities</b>   |                     |                   |
| Proceeds from long-term debt  | <u>84,278</u>       |                   |
| Net increase in cash and equivalents  | 2,684,863           | 486,561           |
| Cash and equivalents at beginning of year   | <u>694,821</u>      | <u>208,260</u>    |
| Cash and equivalents at end of year   | <u>\$ 3,379,684</u> | <u>\$ 694,821</u> |

The accompanying notes are an integral part of these financial statements

# INCLUSIVE DEVELOPMENT INTERNATIONAL

Notes to Financial Statements  
December 31, 2020 and 2019

## **Note 1 - Summary of Significant Accounting Policies**

### Organization

Inclusive Development International (the Organization) is a nonprofit organization whose purpose is to advance social, economic, and environmental justice by supporting communities around the world to defend their human rights and the environment in the face of harmful investment activities, and by improving the social and environmental policies and practices of international development agencies, financial institutions, and businesses. The Organization's support comes primarily from individual contributions and foundation grants.

### Income Tax Status

The Organization is incorporated as a nonprofit corporation under the laws of the State of North Carolina. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities, and is not a private foundation. The Organization is also exempt from State income tax under NC G.S. 105-130.11(a).

### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary purpose of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.
- *Net assets with donor restrictions:* Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions or grants received for a specific purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

### Basis of Presentation (continued)

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions.

### Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are limited to other activities considered to be a more unusual or nonrecurring nature.

### Estimates

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

### Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than promises to give and note payable, approximate fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized for promises to give approximates fair value due to the present value adjustments applied to outstanding balances.

Outstanding amounts for note payable approximate fair value due to market interest rates charged at the time of borrowing.

### Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Restricted cash consist of settlement funds held for beneficiaries; these funds will be distributed once a distribution plan is finalized and pandemic restrictions are eased.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

### Accounts Receivable

Accounts receivable represent amounts due for program fees at year-end. Accounts receivable are recorded at net realizable value. Management considers all accounts receivable to be fully collectible, and accordingly has not recorded an allowance for doubtful accounts.

### Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in foundations and grants. Management considers all promises to give to be fully collectible, and accordingly has not recorded an allowance for doubtful accounts.

### Other Current Assets

Other current assets consist primarily of prepaid expenses.

### Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received contributed tech systems guidance, web design, board assessment, and human resources services in the amount of \$16,284 and \$54,525, during the years ended December 31, 2020 and 2019, respectively.

### Revenue Recognition

Revenue is recognized when earned.

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional contributions - that is, those with a measurable performance or other barrier and a right of return or release of the obligation - are not recognized until the conditions on which they depend have been met.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

### Revenue Recognition (continued)

The Organization recognizes revenue from program service fees in accordance with the terms of the contracts. Program service fees are generated from contracts for performing consulting services. Performance obligations are generally to complete specific tasks on various projects. Customers typically pay a majority of the total expected fee at the time the contract is agreed upon. These amounts are for individual contracts that are completed in a short period of time and rarely extend past year-end. Remaining amounts are paid as the Organization completes further work on the project. Amounts received remaining unspent at year-end are record as deferred revenue.

### Designations to Others

Certain contributions made to the Organization are designated by the donor to be paid out to other organizations. These contributions are recognized as both grants and designations to others on the accompanying statements of activities. The balance of unpaid designations to other organizations remains a liability until the funds are collected and paid out.

### Advertising

The Organization used advertising to support its programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019, was \$576 and \$490, respectively.

### Functional Allocation of Expenses

The cost of providing program and supporting services activities of the Organization have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and support. Travel, meetings, conferences, and training, program contractors, translation, database licensing, printing publication, and partner grants are directly related to program services. All other expenses are based on estimates of time and effort. The Organization receives grants that have a fundraising requirement which result in allocating joint expenses between fundraising and program costs. These expenses include IT services, staff travel, and meetings.

### Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

### New Accounting Pronouncements

During the year ended December 31, 2020, the Organization adopted the requirements of the following standards set by the Financial Accounting Standards Board (FASB). The implementation of each of these standards did not materially impact the Organization's financial statements.

- Accounting Standards Update No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. (ASU 2018-13). ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures.
- Accounting Standards Update No. 2020-03, *Codification Improvements to Financial Instruments*. (ASU 2020-03). ASU 2020-03 made additional clarifications to disclosure requirements of financial instruments.

### Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new standard, lessees will recognize a right-of-use asset and lease liability for virtually all leases (other than leases that meet the definition of a short-term lease). The lease liability will be equal to the present value of lease payments. For income statement purposes, leases continue to be classified as either operating or finance. Operating leases will result in straight-line expense, while finance leases will result in accelerated expense recognition, comparable to current capital leases. Classification will be based on criteria similar to those applied to current lease accounting. Additional disclosures will be required to provide details of revenue and expense recognized and expected to be recognized from existing agreements. The new standard will be effective beginning January 1, 2022. The Organization is currently evaluating the effect this ASU will have on its financial statements.



## **Note 2 - Net Assets**

Net assets are described as follows:

| <u>At December 31</u>                           | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| Net assets without donor restrictions:          |                     |                     |
| Undesignated                                    | \$ 308,997          | \$ 215,375          |
| Subject to expenditure for specified purpose:   |                     |                     |
| Planet Wheeler                                  | 190,350             |                     |
| Wellspring                                      | 194,270             | 124,125             |
| Open Society                                    | 130,000             |                     |
| Radiata Foundation                              | 19,294              |                     |
| McKnight Foundation                             |                     | 89,577              |
| Mott Foundation                                 | 26,300              | 133,789             |
| Rockefeller Brothers Fund                       | 39,479              | 101,077             |
| SOMO Wellspring                                 |                     | 1,138               |
| 11 <sup>th</sup> Hour/Schmidt Foundation        | 439,130             | 347,088             |
| Global Human Rights                             | 24,139              | 29,195              |
| Sigrid Rausing                                  | 188,919             | 319,546             |
| Net assets with donor restrictions              | <u>1,251,878</u>    | <u>1,145,535</u>    |
| <u>Total net assets with donor restrictions</u> | <u>\$ 1,560,878</u> | <u>\$ 1,360,910</u> |

## **Note 3 - Liquidity and Availability of Financial Assets**

The following reflects the liquidity and availability of the Organization's financial assets:

| <u>At December 31</u>   | <u>2020</u>        | <u>2019</u>        |
|---|--------------------|--------------------|
| Financial assets:   |                    |                    |
| Cash and equivalents  | \$ 1,116,408       | \$ 694,821         |
| Accounts receivable   |                    | 15,375             |
| Promises to give  | <u>478,222</u>     | <u>652,691</u>     |
| Total financial assets  | 1,594,630          | 1,362,887          |
| Amounts not available for general expenditure:  |                    |                    |
| Net assets with donor restrictions  | <u>(1,251,881)</u> | <u>(1,145,535)</u> |
| Net financial assets available to meet cash<br>needs for general expenditures within one year | <u>\$ 342,749</u>  | <u>\$ 217,352</u>  |

### **Note 3 - Liquidity and Availability of Financial Assets (continued)**

The Organization receives significant contributions restricted by donors, and considers those program contributions, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Organization targets year-end reserve balances of net assets without donor restrictions to meet 30 days of expected expenditures.

### **Note 4 - Revenues from Contracts with Customers**

Accounts receivable and promises to give represents the Organization's contract assets with an unconditional right to receive consideration from customers.

The following provides information about contract assets:

| <u>At December 31</u>                        | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|-------------------|
| Accounts receivable                          | <u>\$</u>         | <u>\$ 15,375</u>  | <u>\$ 247,725</u> |
| Promises to give:                            |                   |                   |                   |
| Due in less than one year                    | 478,222           | 495,170           |                   |
| Due in one to five years                     |                   | <u>162,026</u>    |                   |
| Total unconditional promises to give         | <u>478,222</u>    | <u>657,196</u>    |                   |
| Less, discount to net present value at 2.86% |                   | <u>(4,505)</u>    |                   |
| Promises to give, net                        | <u>478,222</u>    | <u>652,691</u>    |                   |
| <u>Total contract assets</u>                 | <u>\$ 478,222</u> | <u>\$ 668,066</u> | <u>\$ 247,725</u> |

### **Note 5 - Accrued Liabilities**

Accrued liabilities are described as follows:

| <u>At December 31</u>        | <u>2020</u>      | <u>2019</u>     |
|------------------------------|------------------|-----------------|
| Accrued payroll and benefits | <u>\$ 22,254</u> | <u>\$ 7,072</u> |
| Accrued payroll taxes        | <u>1,598</u>     | <u>176</u>      |
| Other                        | <u>556</u>       |                 |
| <u>Accrued liabilities</u>   | <u>\$ 24,408</u> | <u>\$ 7,248</u> |

## **Note 6 - Long-term Debt**

Long-term debt is described as follows:

| <u>At December 31</u>  | <u>2020</u>     | <u>2019</u>       |
|--|-----------------|-------------------|
| Paycheck Protection Program (PPP) loan payable in 12 monthly installments of \$352, including interest at 1%, beginning May 2021 and due May 2022, unsecured | \$ 4,510        | \$                |
| Less, current maturities   | <u>2,753</u>    | <u>          </u> |
| <u>Long-term debt, net of current maturities</u>   | <u>\$ 1,757</u> | <u>\$</u>         |

The Organization received \$84,834 in funds under the Coronavirus Aid Relief and Economic Security (CARES) Act Paycheck Protection Program (PPP) through the U.S. Small Business Administration (SBA). Management determined that most of the PPP funds were used for allowable expenses, predominately salaries and related costs and forgiveness was recorded in the amount of \$79,768 at December 31, 2020. Forgiveness is included in foundations and grants in the accompanying statement of activities.

Principal repayments on long-term debt are as follows:

| <u>Years Ending December 31</u>             | <u>Principal Payments</u> |
|---|---------------------------|
| 2021  | \$ 2,753                  |
| 2022  | 1,757                     |
| 2023  |                           |
| 2024  |                           |
| 2025  | <u>          </u>         |
| <u>Principal payments on long-term debt</u> | <u>\$ 4,510</u>           |

## **Note 7 - Commitments and Contingencies**

### Operating Leases

The Organization leases office space under operating lease agreements expiring through 2021. Rent expense for the years ended December 31, 2020 and 2019 was \$30,401 and \$29,389, respectively. Future minimum payments under all non-cancellable operating leases are \$13,889 for the year ending December 31, 2021.

## **Note 7 - Commitments and Contingencies (continued)**

### **Risk Management**

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization carries commercial and professional liability insurance coverage for risks of loss. Claims have not exceeded coverage in any period since inception.

### **Settlement Funds**

In February 2020, the Organization reached a settlement agreement on behalf of communities it represented in Cambodia, which included a payment of \$2,262,545. Half of the payment was received in March 2020 and the balance in September 2020. The Organization is holding the funds in a restricted cash savings account until a distribution plan is finalized and has recorded the total amount owed as an agency liability.

## **Note 8 - Income Taxes**

### **Uncertain Tax Positions**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions material to the financial statements.

### **Open Tax Years**

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended December 31, 2019, 2018, and 2017 are open and subject to examination by the IRS, generally for three years after being filed.

## **Note 9 - Concentrations of Credit Risk**

The Organization maintains its cash and equivalents at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the uninsured balance was \$3,120,170.

Approximately 86% of promises to give at December 31, 2020 are from three grantors, and approximately 73% of total revenue at December 31, 2020 is from four grantors.

### **Note 10 - Coronavirus Pandemic Impact**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused unprecedented business and economic disruption through mandated closings of certain businesses and industries.

COVID-19 had a significant impact on the Organization's operations during the year ended December 31, 2020. Due to mandated travel restrictions and closings, employees were not allowed to travel which is a significant part of reaching the communities the Organization represents throughout Asia and Africa. Individual contractors were hired for work done outside the U.S. As a result of the pandemic, the Organization increased the focus on fundraising efforts to increase grants and contributions.

The extent of the impact of COVID-19 will depend on certain developments, including the duration and spread of the outbreak. At this point, it is unclear the extent COVID-19 will have on the Organization's financial condition or results of operations.

### **Note 11 - Subsequent Events**

Management has evaluated subsequent events through May 26, 2021, which is the date the financial statements were available to be issued.

In January 2021, the Organization received a grant in the amount of \$130,000 from Open Society Foundation.

During March 2021, the Organization received partial forgiveness of the PPP and repaid the balance of \$4,510.

Additionally, in March 2021, the Organization received a second PPP loan for approximately \$104,000. If the loan is used for certain expenses, predominantly salaries and related cost, all or a portion of the balance could be forgiven. Repayment of the loan begins 10 months after receipt and must be repaid in 50 monthly installments.