



SHARPE
PATELCPA

INCLUSIVE DEVELOPMENT INTERNATIONAL

FINANCIAL STATEMENTS

December 31, 2023 and 2022

INCLUSIVE DEVELOPMENT INTERNATIONAL
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Inclusive Development International
Asheville, North Carolina

Opinion

We have audited the accompanying financial statements of Inclusive Development International (a nonprofit organization), which comprises the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Inclusive Development International 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 Inclusive Development International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Inclusive Development International'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 Inclusive Development International'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.

Prior Period Financial Statements Reported as Summarized Comparative Information

The financial statements of Inclusive Development International as of December 31, 2022 were audited by other auditors whose report dated June 2, 2023 expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sharpe Patel PLLC

Raleigh, North Carolina
June 17, 2024

INCLUSIVE DEVELOPMENT INTERNATIONAL
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 768,690	\$ 1,419,331
Investments	895,342	-
Promises to give	490,979	878,089
Prepaid expenses	8,703	7,219
Other current assets	10,727	3,233
Total current assets	2,174,441	2,307,872
Non-current assets:		
Right to use asset, net	20,072	59,977
Total non-current assets	20,072	59,977
Total assets	\$ 2,194,513	\$ 2,367,849
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 26,579	\$ 78,662
Accrued expenses	92,421	75,308
Current portion of lease liability	20,548	40,258
Total current liabilities	139,548	194,228
Long-term lease liability	-	20,548
Total liabilities	139,548	214,776
Net assets		
With donor restriction	658,999	1,082,811
Without donor restrictions		
Undesignated net assets	1,395,966	1,070,262
Total net assets	2,054,965	2,153,073
Total liabilities and net assets	\$ 2,194,513	\$ 2,367,849

The accompanying notes to financial statements are an integral part of these statements.

INCLUSIVE DEVELOPMENT INTERNATIONAL
Statement of Activities
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	2022
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Contributions and grants	\$ 501,305	\$ 1,579,121	\$ 2,080,426	\$ 1,755,295
Employee retention credits	-	-	-	238,648
Individual donations	35,121	-	35,121	162,490
Program service fees	18,363	-	18,363	61,066
Other income	16,376	-	16,376	160
Investment income, net	29,289	-	29,289	-
In-kind contributions	117,368	-	117,368	50,000
Total public support	<u>717,822</u>	<u>1,579,121</u>	<u>2,296,943</u>	<u>2,267,659</u>
Net assets released from restriction	<u>2,002,933</u>	<u>(2,002,933)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,720,755</u>	<u>(423,812)</u>	<u>2,296,943</u>	<u>2,267,659</u>
EXPENSES:				
Program services	<u>1,966,539</u>	<u>-</u>	<u>1,966,539</u>	<u>1,594,957</u>
Supporting services:				
Management and general	322,879	-	322,879	209,223
Fundraising	105,633	-	105,633	89,216
Total supporting services	<u>428,512</u>	<u>-</u>	<u>428,512</u>	<u>298,439</u>
Total expenses	<u>2,395,051</u>	<u>-</u>	<u>2,395,051</u>	<u>1,893,396</u>
Change in net assets	325,704	(423,812)	(98,108)	374,263
Net assets at beginning of year	<u>1,070,262</u>	<u>1,082,811</u>	<u>2,153,073</u>	<u>1,778,810</u>
Net assets at end of year	<u>\$ 1,395,966</u>	<u>\$ 658,999</u>	<u>\$ 2,054,965</u>	<u>\$ 2,153,073</u>

The accompanying notes to financial statements are an integral part of these statements.

INCLUSIVE DEVELOPMENT INTERNATIONAL
Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	Program Services	Supporting Services			Total Expenses	2022 Total
	Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and wages	\$ 926,290	\$ 56,983	\$ 81,191	\$ 138,174	\$ 1,064,464	\$ 874,109
Payroll taxes	61,422	3,776	5,371	9,147	70,569	55,217
Benefits	98,814	5,639	7,916	13,555	112,369	70,017
Workers' compensation	4,236	1,048	329	1,377	5,613	2,273
Payroll service fees	7,127	373	635	1,008	8,135	3,129
Professional development	2,656	268	61	329	2,985	1,726
Retirement	28,605	1,617	2,080	3,697	32,302	32,050
Travel	173,923	2,876	-	2,876	176,799	121,207
Meetings and training	70,125	1,543	-	1,543	71,668	98,978
Program contractors	345,126	-	-	-	345,126	341,682
Translation and interpretation	23,708	-	-	-	23,708	14,032
Database licensing	37,510	-	-	-	37,510	28,809
Printing and publication	18,156	-	-	-	18,156	21,271
Litigation	9,272	-	-	-	9,272	11,602
Partner grants	104,730	-	-	-	104,730	14,476
Accounting	-	28,694	-	28,694	28,694	44,359
Video advocacy	25,589	-	-	-	25,589	8,929
Other professional fees	12,527	676	-	676	13,203	5,073
Rent	4,665	47,246	-	47,246	51,911	47,685
Telecommunications	1,882	5,180	-	5,180	7,062	5,616
IT services	169	120,370	-	120,370	120,539	63,920
Office supplies	1,080	5,559	-	5,559	6,639	2,683
Computer hardware	6,055	6,109	-	6,109	12,164	1,296
Dues and memberships	-	-	-	-	-	997
Meals	134	591	-	591	725	2,385
Advertising	-	1,999	-	1,999	1,999	2,062
Insurance	-	2,901	-	2,901	2,901	1,615
Fundraising	2,575	31	8,050	8,081	10,656	12,518
Miscellaneous	163	29,400	-	29,400	29,563	3,680
Total expenses	\$ 1,966,539	\$ 322,879	\$ 105,633	\$ 428,512	\$ 2,395,051	\$ 1,893,396

The accompanying notes are an integral part of these financial statements

INCLUSIVE DEVELOPMENT INTERNATIONAL
Statements of Cash Flows
For the years ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (98,108)	\$ 374,263
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Amortization of the right of use asset	39,905	39,597
Net realized and unrealized gain (loss) on investments	11,972	-
Changes in assets and liabilities that provided (used) cash:		
Promises to give	387,110	(179,087)
Other current assets	(7,494)	4,010
Prepaid expenses	(1,484)	-
Accounts payable	(52,083)	21,563
Accrued expenses	17,113	11,534
	296,931	271,880
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(907,314)	-
Net cash provided (used) by investing activities	(907,314)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on lease liability	(40,258)	(38,768)
Net cash provided (used) by financing activities	(40,258)	(38,768)
Net increase (decrease) in cash and cash equivalents	(650,641)	233,112
Cash and cash equivalents, beginning of year	1,419,331	1,186,219
Cash and cash equivalents, end of year	\$ 768,690	\$ 1,419,331

The accompanying notes are an integral part of these financial statements

INCLUSIVE DEVELOPMENT INTERNATIONAL
Notes to Financial Statements
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the 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.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

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 and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and charges therein, are classified and reported as follows:

Net assets without restrictions – Consists of amounts that are available for use in carrying out the supporting activities of the Organization and not subject to donor-imposed stipulations. Net assets without restrictions totaled \$1,400,353 and \$1,070,262 as of December 31, 2023 and 2022, respectively.

Net assets with restrictions – Net assets that are contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the actions of the Organization and /or the passage of time. Net assets with restrictions totaled \$658,999 and \$1,082,811 as of December 31, 2023 and 2022, respectively.

Prior Year Summarized Comparative Information

The financial statements and certain notes include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended December 31, 2022, from which the summarized comparative information was derived.

INCLUSIVE DEVELOPMENT INTERNATIONAL
Notes to Financial Statements
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates and Assumptions

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash in the bank and all cash held on hand to be cash and cash equivalents with an original maturity date of three months or less.

Investments

Investments consist of marketable debt and equity securities and mutual funds. The Organization accounts for investments in accordance with GAAP which requires that investments with readily determinable fair values be measured at fair value in the statements of financial position. Interest, dividends, realized and unrealized gain and loss on investments are recorded in the statements of activities. Realized gains and losses are determined on a specific identification basis.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Uncollectible promises are written off after management has used reasonable collection efforts and determines the promises will not be collected. All promises to give at December 31, 2023 and 2022 are receivable in less than one year.

Right to Use Assets

The Organization has recorded right to use lease assets as a result of implementing ASU No. 2016-02, Leases (Topic 842). The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Contributions and Grants

Contributions and grants received are recorded as support with or without restrictions depending on the existence and/or nature of any donor/grantor restrictions.. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions that are met in the same period as receipt are reported as support without restrictions.

INCLUSIVE DEVELOPMENT INTERNATIONAL
Notes to Financial Statements
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants (Continued)

Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with restrictions, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net asset without restrictions and are reported in the statements of changes in net assets as assets released from restrictions.

Donated Assets and Services (Gifts In-Kind)

Donated materials, stock, furniture, equipment, and vehicles are recorded at their estimated fair value at date of receipt. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying Statement of Activities as contributions, memorials and bequests are offset by like amounts included in expenses.

The Organization reports the donations as support without restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Foundation's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU 2020-07)— Effective in 2022, the amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets.

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.

INCLUSIVE DEVELOPMENT INTERNATIONAL
Notes to Financial Statements
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and interpretation, database licensing, litigation, printing and publication, partner grants, and video advertising are directly related to program services. Office supplies, printing and copying, computer hardware, dues and memberships, meals, meetings, advertising, insurance, and miscellaneous expenses are directly related to supporting 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 travel, printing and publication, and fundraising & communications.

Program services – Comprise activities that contribute to the Organization’s mission and consist of supporting communities around the world to defend their human rights.

Supporting services – Includes activities such as management and general services required to ensure an adequate working environment, provide administrative support and manage the Organization’s financial and budgetary functions. Fundraising expenses are the cost of the Organization to solicit and obtain contributions and funding.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) on its exempt function income and is classified by the IRS as a publicly supported Organization. The Organization is not aware of any unrelated business income for the years ended December 31, 2023 and 2022.

The Organization evaluates any uncertain tax positions. Accordingly, the Organization's policy is to record a liability for any tax position taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2023 and 2022.

Advertising Expense

The Organization uses advertising to promote its programs and fundraising events among the audiences it serves. The cost of advertising is expensed as incurred. The Organization incurred \$1,999 and \$2,062 in advertising costs for the years ended December 31, 2023 and 2022, respectively.

2. CONCENTRATION OF CREDIT RISK

The Organization occasionally maintains deposits in excess of federally insured limits. The Organization maintains its cash balances in reputable financial institutions in the United States of American and accounts at each institution are insured by the Federal Deposit Insurance Corporations up to \$250,000 at each financial institution. At December 31, 2023 and 2022, the Organization’s cash deposits exceed the FDIC insured limits by approximately \$327,264 and \$1,169,331, respectively.

INCLUSIVE DEVELOPMENT INTERNATIONAL
Notes to Financial Statements
December 31, 2023 and 2022

2. CONCENTRATION OF CREDIT RISK (Continued)

During the years ended December 31, 2023 and 2022, the Organization received support totaling approximately \$1,265,000 and \$1,346,000, which represents 55% and 59%, respectively, from sources which represent a concentration. At December 31, 2023 and 2022, these sources represent 25% and 93%, of outstanding promises to give totaling approximately \$125,000 and \$817,000, respectively.

3. INVESTMENTS

The Organization's investments consist of the following:

	2023		
	Cost	Fair Market Value	Unrealized gain/loss
Fixed income	\$ 883,370	\$ 895,342	\$ 11,972
	\$ 883,370	\$ 895,342	\$ 11,972
	2022		
	Cost	Fair Market Value	Unrealized gain/loss
Fixed income	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

The following outlines the net investment income during the years ended December 31:

	2023	2022
Interest and dividends	17,317	\$ -
Unrealized gain (loss)	11,972	-
Investment income, net	\$ 29,289	\$ -

4. FAIR VALUE MEASUREMENTS

In accordance with guidance on fair value measurements for financial instruments, fair value is defined as the price that the Organization would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The fair value guidance establishes a three-tier hierarchy to distinguish between 1) inputs that reflect the assumptions that market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs), and 2) inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the fair value of the Organization's financial instruments.

INCLUSIVE DEVELOPMENT INTERNATIONAL
Notes to Financial Statements
December 31, 2023 and 2022

4. FAIR VALUE MEASUREMENTS (Continued)

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

Level 1- Financial instruments with unadjusted, quoted prices listed on active market exchanges for identical investments at the reporting date.

Level 2 – Financial instruments valued using pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable at the reporting date. Fair value is determined through use of models or other valuation methodologies.

Level 3 – Financial instruments that are not actively traded on a market exchange and typically require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by management or the investment manager.

The following table sets forth the level within the fair value hierarchy of the Organization’s financial assets based on the level of input utilized to measure fair value as of December 31, 2023 and 2022:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 895,342	\$ -		\$ 895,342
	<u>\$ 895,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895,342</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

5. NET ASSETS

Net assets with restrictions are those stipulated by donors for specific operating purposes, those not currently available for use until commitments regarding their use have been fulfilled and are composed of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
11th Hour / Schmidt Foundation	\$ 150,303	\$ 151,493
Rockefeller Brothers Fund	-	47,699
Mott Foundation	236,277	64,564
Oxfam Novib	-	2,481
Ford Foundation	-	250,000
Radiata Foundation	71,181	204,150
Sigrid Rausing	176,431	362,424
EDLC	8,707	-
Heinrich	1,100	-
TMU	(30,000)	-
True Cost	45,000	-
	<u>\$ 658,999</u>	<u>\$ 1,082,811</u>

INCLUSIVE DEVELOPMENT INTERNATIONAL
Notes to Financial Statements
December 31, 2023 and 2022

5. NET ASSETS (Continued)

During the years ended December 31, 2023 and 2022, net assets released from restrictions totaled \$2,002,933, and \$943,203, respectively. The releases represent funds received from donors with restrictions that were spent during the year, according to the requirements set by the donor.

6. LEASE COMMITMENTS

Under ASC 842, if a contract provides the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

During the year ended December 31, 2023, the Organization is a lessee in an operating lease agreement for office space. The lease term began in July 2021 and continues for three years through July 2024. The lease calls for starting monthly payments of \$3,430 in the year 2023 through the remainder of the lease.

The lease liability is measured at a discount rate of 0.78%, based on the Organization's estimated incremental borrowing rate as of the start of lease. As a result of the lease, the Organization has recorded a right to use asset with original value of \$99,574 and net book value of \$20,072 and 59,977 as of December 31, 2023 and 2022, respectively.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2023 were as follows:

Year Ending	<u>Payments</u>
2024	<u>\$ 20,548</u>
Total	<u><u>\$ 20,548</u></u>

7. IN-KIND CONTRIBUTIONS

During the years ended December 31, 2023 and 2022, the Organization received \$117,368 and \$50,000, respectively, in donated services related to development of data tools to be used in program services. Donated services are valued by the donor based on standard billing rates for comparable services.

INCLUSIVE DEVELOPMENT INTERNATIONAL
Notes to Financial Statements
December 31, 2023 and 2022

7. IN-KIND CONTRIBUTIONS (Continued)

For the years ended December 31, 2023 and 2022, the in kind contributions were for professional services as follows:

	<u>2023</u>	<u>2022</u>
Development support	\$ 101,300	\$ -
Technical support	-	50,000
Compensation method review	6,746	-
Graphic design support	5,422	-
Branded digital assets	3,002	-
Talent recruitment	340	-
Data analytics	558	-
	<u>\$ 117,368</u>	<u>\$ 50,000</u>

8. RETIREMENT PLAN

The Organization participates in a defined contribution 401(k) Plan (the Plan). Employees are eligible for participation in the Plan after attaining age eighteen. The Organization can make discretionary matching contributions and discretionary non-elective contributions to the Plan. The Organization contributed \$32,302 and \$32,050, to the Plan during the years ended December 31, 2023 and 2022, respectively.

9. LIQUIDITY AND AVAILABILITY OF FUNDS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization invests cash in excess of daily requirements in an investment account.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 768,690	\$ 1,419,331
Investments	895,342	-
Accounts receivable	490,979	878,089
Promises to give	-	-
Less: accounts payable	(26,579)	(78,662)
Less: accrued expenses	(92,421)	(75,308)
Total financial assets available to meet general expenditures and liabilities within the next 12 months	<u>\$ 2,036,011</u>	<u>\$ 2,143,450</u>

At December 31, 2023 and 2022, all net assets without restrictions are available to meet cash needs for general expenditures of the Organization with one year. Excess funds are available in the Organization's investment account consisting of fixed income, if needed.

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10. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 17, 2024, which is the date the financial statements were available to be issued.