



inclusive  
development  
international

## **INCLUSIVE DEVELOPMENT INTERNATIONAL**

Asheville, North Carolina

Financial Statements

Year Ended December 31, 2018

# INCLUSIVE DEVELOPMENT INTERNATIONAL

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# INCLUSIVE DEVELOPMENT INTERNATIONAL

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Inclusive Development International

We have reviewed the accompanying financial statements of Inclusive Development International (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Asheville, North Carolina  
May 9, 2019

**INCLUSIVE DEVELOPMENT INTERNATIONAL**

Statement of Financial Position  
December 31, 2018

**Assets**

Current assets:

Cash and equivalents	\$ 208,260
Accounts receivable	247,725
Other current assets	<u>27,971</u>

Total assets \$ 483,956

**Liabilities and net assets**

Current liabilities:

Accounts payable	\$ 1,627
Accrued liabilities	<u>1,600</u>
Total liabilities	<u>3,227</u>

Net assets:

Without donor restrictions	115,484
With donor restrictions	<u>365,245</u>
Total net assets	<u>480,729</u>

Total liabilities and net assets \$ 483,956

**INCLUSIVE DEVELOPMENT INTERNATIONAL**

Statement of Activities  
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and other revenues</b>			
Foundation grants	\$ 784,223	\$ 365,245	\$ 1,149,468
Individual donations	18,070		18,070
Program service fees	67,822		67,822
Other income	<u>15,432</u>		<u>15,432</u>
Total public support and other revenues	<u>885,547</u>	<u>365,245</u>	<u>1,250,792</u>
 <b>Expenses</b>			
Program services	631,398		631,398
Supporting services	<u>142,965</u>		<u>142,965</u>
Total expenses	<u>774,363</u>		<u>774,363</u>
 Increase in net assets	111,184	365,245	476,429
 Net assets at beginning of year	<u>4,300</u>		<u>4,300</u>
 Net assets at end of year	<u>\$ 115,484</u>	<u>\$ 365,245</u>	<u>\$ 480,729</u>

See accompanying notes and Independent Accountants' Review Report.

## INCLUSIVE DEVELOPMENT INTERNATIONAL

### Statement of Functional Expenses Year Ended December 31, 2018

	Supporting Services				Total
	Program Services	Management & General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 216,653	\$ 31,183	\$ 36,606	\$ 67,789	\$ 284,442
Payroll taxes	16,135	2,491	2,747	5,238	21,373
Benefits	14,544	6,483	2,345	8,828	23,372
Workers compensation		2,803		2,803	2,803
Payroll service fees		732		732	732
Retirement benefits	<u>76</u>	<u>(3)</u>	<u>10</u>	<u>7</u>	<u>83</u>
Total salaries and related expenses	247,408	43,689	41,708	85,397	332,805
Travel	77,647				77,647
Meetings, conferences, and trainings	55,084				55,084
Program contractors	176,545				176,545
Translation and interpretation	11,224				11,224
Database licensing	26,603				26,603
Printing publication	29				29
Litigation	5,000				5,000
Partner grants	17,634				17,634
Video advocacy	3,772				3,772
Accounting		14,220		14,220	14,220
Legal		120		120	120
Other professional fees		1,020		1,020	1,020
Rent	2,867	19,775		19,775	22,642
Telecommunications	697	4,224		4,224	4,921
IT services	436	1,901		1,901	2,337
Office supplies	213	1,730		1,730	1,943
Printing and copying	57	1,288		1,288	1,345
Postage and shipping		76		76	76
Computer hardware	581	5,075		5,075	5,656
Furniture and equipment	307	564		564	871
Dues and memberships		7		7	7
Staff travel		72	285	357	357
Meals	770	430	176	606	1,376
Meetings	3,647	675	607	1,282	4,929
Insurance		1,501		1,501	1,501
Fundraising and communications			1,188	1,188	1,188
Official Fees		1,253		1,253	1,253
Interest and bank charges	877	687	45	732	1,609
Miscellaneous expenses	<u>        </u>	<u>649</u>	<u>        </u>	<u>649</u>	<u>649</u>
Total expenses	<u>\$ 631,398</u>	<u>\$ 98,956</u>	<u>\$ 44,009</u>	<u>\$ 142,965</u>	<u>\$ 774,363</u>

See accompanying notes and Independent Accountants' Review Report.

**INCLUSIVE DEVELOPMENT INTERNATIONAL**

Statement of Cash Flows  
Year Ended December 31, 2018

<b>Cash flows from operating activities</b>	
Increase in net assets	\$ 476,429
Adjustments to reconcile increase in net assets to net increase in cash and equivalents:	
Working capital changes - sources:	
Accounts receivable	(247,725)
Other current assets	(27,971)
Accounts payable	1,526
Accrued liabilities	<u>1,600</u>
Net increase in cash and equivalents	203,859
Cash and equivalents at beginning of year	<u>4,401</u>
Cash and equivalents at end of year	<u>\$ 208,260</u>



# INCLUSIVE DEVELOPMENT INTERNATIONAL

Notes to Financial Statements  
December 31, 2018

## **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.

### Income Tax Status

The Organization is incorporated as a nonprofit corporation under the laws of the State of North Carolina. It has qualified for exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and is not a private foundation.

### 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 objectives 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 stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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 the 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. The Organization has adopted a policy to classify donor restricted support as without donor restrictions to the extent that donor restrictions were met in the reporting period the support was recognized.

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

### Measure of Operations

The statement of activities reports 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 and 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.

### Fair Value of Financial Instruments

The fair value of substantially all reported assets and liabilities which represent financial instruments, none of which are held for trading purposes, approximate the carrying values of such amounts.

### Cash and Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

### Accounts Receivable

Accounts receivable represent amounts due from foundations and other grantors at year-end. The Organization considers all accounts receivable to be fully collectible, and accordingly has not recorded an allowance for doubtful accounts.

### Other Current Assets

Other current assets represent a vendor deposit for rent and accrued grants and donations paid in subsequent years.

### Functional Allocation of Expenses

The cost of providing certain activities of the Organization have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to programs and support. These expenses include salaries and benefits, operating, and administrative. These expenses are allocated based on estimates of time and effort.

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

### **Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 is intended to improve financial reporting about leasing transactions. The ASU will require lessees to recognize a lease liability and right-of-use asset for most leases, including operating leases. The standard will be effective for annual periods beginning after December 15, 2019. Early adoption is permitted. The Organization is in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 is intended to clarify the guidance about the distinction between contributions and exchange transactions and will be effective for annual periods beginning after December 15, 2018. The Organization is in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

## **Note 2 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or periods:

<u>At December 31</u>	<u>2018</u>
Subject to expenditure for specified purpose:	
Planet Wheeler	\$ 85,000
Wellspring	260,245
Mutual understanding	<u>20,000</u>
<u>Total net assets with donor restrictions</u>	<u>\$ 365,245</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>2018</u>
Financial assets:	
Cash and equivalents	\$ 208,260
Accounts receivable	247,725
Other current assets	<u>27,971</u>
Total financial assets available	483,956
Donor restrictions available for donor-specified expenditures in the following year	<u>(365,245)</u>
Net financial assets available to meet cash needs for general expenditures within one year	<u>\$ 118,711</u>

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

The Organization received 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 - Operating Lease Commitments**

The Organization leases office equipment and buildings under operating lease agreements expiring through 2021. Rent expense for the year ended December 31, 2018 was \$22,642.

Future minimum payments under all non-cancellable operating leases are as follows:

<u>Years Ending</u> <u>December 31</u>	
2019	\$ 27,244
2020	27,027
2021	13,889
2022	
2023	
<u>Total</u>	<u>\$ 68,160</u>

### **Note 5 - 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.

### **Note 6 - Commitments and Contingencies**

#### 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; 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.

**Note 7 - Subsequent Events**

Management has evaluated subsequent events through May 9, 2019, which is the date the financial statements were available to be issued.