

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2
EXHIBIT A - Statements of Financial Position, as of December 31, 2016 and 2015	3
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2016 and 2015	4 - 5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2016	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended December 31, 2015	7
EXHIBIT E - Statements of Cash Flows, for the Years Ended December 31, 2016 and 2015	8
NOTES TO FINANCIAL STATEMENTS	9 - 14

GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Institute for Transportation and Development Policy
New York, New York

We have audited the accompanying financial statements of the Institute for Transportation and Development Policy (ITDP), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, 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.

Auditor's 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 audits 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ITDP as of December 31, 2016 and 2015, 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.

September 21, 2017

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,461,318	\$ 1,804,306
Accounts receivable	627,059	490,141
Grants receivable (Note 2)	1,050,363	1,754,751
Prepaid expenses	<u>116,339</u>	<u>70,423</u>
Total current assets	<u>3,255,079</u>	<u>4,119,621</u>
PROPERTY AND EQUIPMENT		
Equipment	74,163	72,220
Furniture	62,757	62,757
Computer equipment	283,485	241,803
Leasehold improvements	<u>311,591</u>	<u>239,219</u>
	731,996	615,999
Less: Accumulated depreciation and amortization	<u>(595,362)</u>	<u>(538,323)</u>
Net property and equipment	<u>136,634</u>	<u>77,676</u>
NON-CURRENT ASSETS		
Deposits	69,353	64,190
Grants receivable, net of current portion and discount (Note 2)	<u>368,197</u>	<u>726,386</u>
Total non-current assets	<u>437,550</u>	<u>790,576</u>
TOTAL ASSETS	<u>\$ 3,829,263</u>	<u>\$ 4,987,873</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 346,386	\$ 345,626
Accrued salaries and related benefits	246,430	170,392
Refundable advances	-	108,038
Funds held on behalf of others	<u>75,293</u>	<u>75,293</u>
Total current liabilities	<u>668,109</u>	<u>699,349</u>
NET ASSETS		
Unrestricted:		
Undesignated	885,450	946,730
Board designated (Note 4)	<u>637,000</u>	<u>496,077</u>
Total unrestricted	1,522,450	1,442,807
Temporarily restricted (Note 5)	<u>1,638,704</u>	<u>2,845,717</u>
Total net assets	<u>3,161,154</u>	<u>4,288,524</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,829,263</u>	<u>\$ 4,987,873</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Contributions	\$ 349,205	\$ -	\$ 349,205
Grants	1,132,191	3,334,114	4,466,305
Interest income	15,953	-	15,953
Consulting and contract revenue	1,710,937	-	1,710,937
Contributed services (Note 6)	119,398	-	119,398
Other revenue	-	-	-
Net assets released from donor restrictions (Note 5)	<u>4,541,127</u>	<u>(4,541,127)</u>	<u>-</u>
Total revenue	<u>7,868,811</u>	<u>(1,207,013)</u>	<u>6,661,798</u>
EXPENSES			
Program Services	<u>6,660,075</u>	<u>-</u>	<u>6,660,075</u>
Supporting Services:			
Fundraising	220,032	-	220,032
Management	<u>909,061</u>	<u>-</u>	<u>909,061</u>
Total supporting services	<u>1,129,093</u>	<u>-</u>	<u>1,129,093</u>
Total expenses	<u>7,789,168</u>	<u>-</u>	<u>7,789,168</u>
Changes in net assets	79,643	(1,207,013)	(1,127,370)
Net assets at beginning of year	<u>1,442,807</u>	<u>2,845,717</u>	<u>4,288,524</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,522,450</u>	<u>\$ 1,638,704</u>	<u>\$ 3,161,154</u>

2015		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 257,327	\$ -	\$ 257,327
524,104	4,509,174	5,033,278
8,963	-	8,963
1,069,180	-	1,069,180
100,010	-	100,010
19,226	-	19,226
<u>4,360,973</u>	<u>(4,360,973)</u>	<u>-</u>
<u>6,339,783</u>	<u>148,201</u>	<u>6,487,984</u>
<u>6,260,371</u>	<u>-</u>	<u>6,260,371</u>
153,318	-	153,318
<u>915,881</u>	<u>-</u>	<u>915,881</u>
<u>1,069,199</u>	<u>-</u>	<u>1,069,199</u>
<u>7,329,570</u>	<u>-</u>	<u>7,329,570</u>
(989,787)	148,201	(841,586)
<u>2,432,594</u>	<u>2,697,516</u>	<u>5,130,110</u>
<u>\$ 1,442,807</u>	<u>\$ 2,845,717</u>	<u>\$ 4,288,524</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management</u>	<u>Total Supporting Services</u>	
Salaries	\$ 1,108,881	\$ 59,631	\$ 474,507	\$ 534,138	\$ 1,643,019
Payroll taxes	78,155	4,256	32,516	36,772	114,927
Employee benefits (Note 8)	162,534	13,497	104,125	117,622	280,156
Subtotal	1,349,570	77,384	611,148	688,532	2,038,102
Bank charges	14,050	40	7,834	7,874	21,924
Conferences and meetings	411,330	602	56,737	57,339	468,669
Consultants	1,118,474	1,553	82,900	84,453	1,202,927
Depreciation and amortization	74,110	-	-	-	74,110
Business meals	14,518	219	312	531	15,049
Equipment rental	3,336	209	130	339	3,675
Exchange rate	49,134	-	-	-	49,134
Field staff	1,949,792	222	13,262	13,484	1,963,276
Insurance	27,721	309	5,892	6,201	33,922
Legal	19,163	-	9,574	9,574	28,737
License fees	21,682	4,789	1,646	6,435	28,117
Miscellaneous	9,960	95	2,276	2,371	12,331
Office supplies	58,599	130	1,827	1,957	60,556
Postage and delivery	14,137	1,741	918	2,659	16,796
Printing	49,640	2,344	994	3,338	52,978
Professional development	12,151	787	3,303	4,090	16,241
Professional fees	382,747	122,513	66,451	188,964	571,711
Rent and office cleaning (Note 7)	362,536	3,469	28,276	31,745	394,281
Subscriptions and books	17,597	2,413	1,566	3,979	21,576
Taxes	9,212	-	-	-	9,212
Telephone and internet	33,898	143	4,786	4,929	38,827
Travel	656,718	1,070	9,229	10,299	667,017
TOTAL	<u>\$ 6,660,075</u>	<u>\$ 220,032</u>	<u>\$ 909,061</u>	<u>\$ 1,129,093</u>	<u>\$ 7,789,168</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management</u>		
Salaries	\$ 1,127,026	\$ 52,214	\$ 505,978	\$ 558,192	\$ 1,685,218
Payroll taxes	92,877	3,252	22,342	25,594	118,471
Fringe benefits (Note 8)	159,270	7,893	81,192	89,085	248,355
Subtotal	1,379,173	63,359	609,512	672,871	2,052,044
Bank charges	10,744	17	198	215	10,959
Conferences and meetings	189,053	87	60,049	60,136	249,189
Consultants	1,056,412	750	116,250	117,000	1,173,412
Depreciation and amortization	83,917	-	-	-	83,917
Business meals	11,252	28	1,384	1,412	12,664
Equipment rental	4,718	15	135	150	4,868
Exchange rate loss	66,986	-	-	-	66,986
Field staff	1,714,488	-	15,471	15,471	1,729,959
Insurance	28,245	66	3,102	3,168	31,413
Legal	10,553	5	15,069	15,074	25,627
License fees	60,686	3,832	931	4,763	65,449
Miscellaneous	3,124	14	3,506	3,520	6,644
Office supplies	56,223	115	1,059	1,174	57,397
Postage and delivery	19,202	1,508	647	2,155	21,357
Printing	67,727	2,569	864	3,433	71,160
Professional development	14,128	1,349	10,624	11,973	26,101
Professional fees	407,785	76,282	23,074	99,356	507,141
Rent and office cleaning (Note 7)	321,036	1,624	15,312	16,936	337,972
Subscriptions and books	21,592	1,023	1,624	2,647	24,239
Taxes	7,667	-	-	-	7,667
Telephone and internet	33,669	122	2,637	2,759	36,428
Training	-	-	-	-	-
Travel	691,991	553	34,433	34,986	726,977
TOTAL	\$ 6,260,371	\$ 153,318	\$ 915,881	\$ 1,069,199	\$ 7,329,570

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (1,127,370)	\$ (841,586)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	74,110	83,917
Loss on disposal of property and equipment	5,635	523
(Increase) decrease in:		
Accounts receivable	(136,918)	(228,888)
Grants receivable	1,062,577	(339,525)
Prepaid expenses	(45,916)	(14,852)
Deposits	(5,163)	(15,642)
Increase (decrease) in:		
Accounts payable and accrued liabilities	760	55,654
Accrued salaries and related benefits	76,038	(51,250)
Refundable advances	<u>(108,038)</u>	<u>108,038</u>
Net cash used by operating activities	<u>(204,285)</u>	<u>(1,243,611)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(138,703)	(64,337)
Proceeds from sale of property and equipment	<u>-</u>	<u>690</u>
Net cash used by investing activities	<u>(138,703)</u>	<u>(63,647)</u>
Net decrease in cash and cash equivalents	(342,988)	(1,307,258)
Cash and cash equivalents at beginning of year	<u>1,804,306</u>	<u>3,111,564</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,461,318</u>	<u>\$ 1,804,306</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Institute for Transportation and Development Policy (ITDP) was organized as a non-profit corporation in Washington, D.C. in 1985 and operates out of its office in New York City, New York. ITDP is a research, dissemination, and project implementing agency, which seeks to promote the use of non-motorized vehicles and the broader implementation of sustainable transportation policies worldwide. ITDP is supported primarily through grants, donor contributions, and contract revenue. Members include bicycle activists, transportation planners, economic development specialists, small business people, environmentalists, and other professionals, and are primarily, but not exclusively U.S. citizens.

The accompanying financial statements include all financial activity incurred by ITDP's field offices located in Brazil, China, India, Indonesia and Mexico.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

ITDP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, ITDP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

ITDP had \$699,808 and \$372,741 of cash and cash equivalents held in foreign countries at December 31, 2016 and 2015, respectively. A majority of funds held in foreign countries are uninsured.

Accounts and grants receivable -

Accounts and grants receivable approximate fair value. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

ITDP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. ITDP is not a private foundation.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Uncertain tax positions -

For the years ended December 31, 2016 and 2015, ITDP has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Foreign currency translation -

The dollar ("dollars") is the functional currency for ITDP's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in non-U.S. currencies are translated into dollars at the exchange rate in effect at the date of the Combined Statement of Financial Position.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of ITDP and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of ITDP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Contributions, grants and contracts -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

ITDP receives funding under grants and contracts from international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants and contracts are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. Funding received in advance of incurring the related expenses for these exchange transactions is recorded as a refundable advance.

Contributed services -

Contributed services consist of pro-bono legal services, consulting, and licenses. Contributed services are recorded at their fair market value as of the date of the gift (please refer to note 6).

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

New accounting pronouncement -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statements of Activities and Changes in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of ITDP's financial statements, it is not expected to alter ITDP's reported financial position.

2. GRANTS RECEIVABLE

As of December 31, 2016 and 2015, contributors to ITDP have made written promises to give totaling \$1,432,367 and \$2,519,479, respectively.

Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 3.5%. Grants are due as follows at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 1,050,363	\$ 1,754,751
One to five years	<u>382,004</u>	<u>764,728</u>
	1,432,367	2,519,479
Less: Allowance to discount balance to present value	<u>(13,807)</u>	<u>(38,342)</u>
NET GRANTS RECEIVABLE	<u>\$ 1,418,560</u>	<u>\$ 2,481,137</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. LINE OF CREDIT

ITDP maintains a \$500,000 bank line of credit, which expired on November 16, 2015 and was renewed through November 23, 2017. Amounts borrowed bear interest at the LIBOR rate, plus 3.5 percentage points. As of December 31, 2016 and 2015, there was no outstanding balance on the line of credit. Terms of the original agreement requires ITDP to maintain unrestricted net assets of not less than \$600,000. No such requirement was included in the renewal.

4. BOARD DESIGNATED NET ASSETS

As of December 31, 2016 and 2015, net assets have been designated by the Board of Directors for the following purposes:

	2016	2015
Operating Reserve	\$ <u>637,000</u>	\$ <u>496,077</u>

Funds were withdrawn during 2015 to cover costs related to the CEO search.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2016 and 2015:

	2016	2015
Africa projects	\$ 138,857	\$ 75,058
Asia projects	987,503	1,675,305
Global projects	303,606	748,033
Latin America projects	112,837	9,907
United States projects	115,901	337,414
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ <u>1,658,704</u>	\$ <u>2,845,717</u>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

	2016	2015
Africa projects	\$ 70,201	\$ 159,166
Asia projects	1,571,971	1,075,227
Global projects	1,129,153	1,038,337
Latin America projects	1,548,289	1,818,699
United States projects	221,513	269,544
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTION	\$ <u>4,541,127</u>	\$ <u>4,360,973</u>

6. CONTRIBUTED SERVICES

During the years ended December 31, 2016 and 2015, ITDP was the beneficiary of contributed services, which allowed ITDP to provide greater resources toward various programs.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

6. CONTRIBUTED SERVICES (Continued)

To properly reflect total expenses, the following donations have been included in revenue and expense for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Contributed Services	\$ <u>119,398</u>	\$ <u>100,010</u>

The following programs have benefited from these contributed services:

	<u>2016</u>	<u>2015</u>
Fundraising	\$ 119,304	\$ 69,748
Management	-	262
Program Services	<u>94</u>	<u>30,000</u>
TOTAL CONTRIBUTED SERVICES	\$ <u>119,398</u>	\$ <u>100,010</u>

7. LEASE COMMITMENTS

ITDP is obligated for certain lease payments over the coming years in the USA and its field offices as shown below:

During 2015, ITDP extended its leased office space in New York under a five-year agreement, which expires on July 31, 2020. Base rent is \$180,000 per year, increasing by a factor of 3% per year. ITDP also leases office space under agreements in Washington, D.C. (month-to-month).

ITDP has entered into the following lease agreements at its field offices:

- An office lease in Brazil through September 30, 2018.
- A lease for space in Mexico, which expired in February 2016 and was renewed through February 2017, and again through February 2018.
- Four office leases in India (one set to expire in September 2017, one expired on December 31, 2016 and was renewed through July 2019, one set to expire July 2019, and the last set to expire in June 2017).
- Multiple office leases in China, one which expired December 2015 and the other which expired February 2016.
- A lease for space in Indonesia through May 2017.

The following is a schedule of the future minimum lease payments, including both U.S. and foreign leases:

<u>Year Ending December 31,</u>	
2017	\$ 249,844
2018	203,682
2019	193,341
2020	199,140
2021	<u>118,174</u>
	\$ <u>964,181</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

7. LEASE COMMITMENTS (Continued)

Rent expense under the aforementioned leases totaled \$353,204 and \$318,557 for the years ended December 31, 2016 and 2015, respectively.

8. RETIREMENT PLAN

Full-time ITDP staff are eligible for a 403(b)(7) retirement plan. ITDP will also make an annual contribution to the employee's retirement plan for employees who have worked more than six months with the organization at the time when the contributions are made.

For the first three years, ITDP will provide an annual contribution of \$3,000 or the equivalent of 3% of the employee's annual salary (whichever is greater). After three years of employment, ITDP will provide an annual contribution of the equivalent of 8% of the employee's annual salary toward the retirement plan. Bonuses do not count toward the annual salary calculation for retirement purposes. The contributions are prorated for the first year of employment. Part time employees are not eligible for an employer contribution unless they work 1,000 hours or more during the 12 month consecutive period beginning on their date of hire. If they do meet these terms, part time employees are eligible for the same employer contribution as full time employees. ITDP reserves the right of not making an annual contribution if funding is not available. Contributions to the plan during the years ended December 31, 2016 and 2015 totaled \$85,118 and \$110,323, respectively.

9. SUBSEQUENT EVENTS

In preparing these financial statements, ITDP has evaluated events and transactions for potential recognition or disclosure through September 21, 2017, the date the financial statements were issued.