

## **FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017**

# INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

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**CPAs & ADVISORS**

## **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, 2018 and 2017, 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.

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## 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, 2018 and 2017, 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

April 14, 2020

## INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2018 AND 2017

<b>ASSETS</b>		<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 2,297,496	\$ 2,662,011
Accounts and grants receivable		1,541,685	2,672,571
Prepaid expenses		<u>172,130</u>	<u>144,056</u>
Total current assets		<u>4,011,311</u>	<u>5,478,638</u>
<b>PROPERTY AND EQUIPMENT</b>			
Equipment		67,405	73,870
Furniture		52,992	52,992
Computer equipment		344,345	282,684
Leasehold improvements		<u>386,174</u>	<u>343,715</u>
		850,916	753,261
Less: Accumulated depreciation and amortization		<u>(723,358)</u>	<u>(646,385)</u>
Net property and equipment		<u>127,558</u>	<u>106,876</u>
<b>NON-CURRENT ASSETS</b>			
Deposits		<u>99,238</u>	<u>82,385</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 4,238,107</u></b>	<b><u>\$ 5,667,899</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities		\$ 498,560	\$ 423,959
Accrued salaries and related benefits		190,096	319,389
Funds held on behalf of others		<u>74,739</u>	<u>75,293</u>
Total liabilities		<u>763,395</u>	<u>818,641</u>
<b>NET ASSETS</b>			
Without donor restrictions:			
Undesignated		267,433	2,093,819
Board designated		<u>785,063</u>	<u>863,039</u>
Total net assets without donor restrictions		1,052,496	2,956,858
With donor restrictions		<u>2,422,216</u>	<u>1,892,400</u>
Total net assets		<u>3,474,712</u>	<u>4,849,258</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 4,238,107</u></b>	<b><u>\$ 5,667,899</u></b>

See accompanying notes to financial statements.

**INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Government and cost reimbursable grants and contracts	\$ 2,654,881	\$ -	\$ 2,654,881
Consulting and contract revenue	745,232	-	745,232
Grants, contributions and sponsorships	283,773	3,558,050	3,841,823
Interest income	4,817	3,520	8,337
Event revenue	6,000	-	6,000
Contributed services	60,820	-	60,820
Net assets released from donor restrictions	<u>3,031,754</u>	<u>(3,031,754)</u>	<u>-</u>
Total revenue and support	<u>6,787,277</u>	<u>529,816</u>	<u>7,317,093</u>
<b>EXPENSES</b>			
Program Services	<u>7,353,848</u>	<u>-</u>	<u>7,353,848</u>
Supporting Services:			
Fundraising	156,917	-	156,917
Management	<u>1,078,895</u>	<u>-</u>	<u>1,078,895</u>
Total supporting services	<u>1,235,812</u>	<u>-</u>	<u>1,235,812</u>
Total expenses	<u>8,589,660</u>	<u>-</u>	<u>8,589,660</u>
Changes in net assets from operations before other item	(1,802,383)	529,816	(1,272,567)
<b>OTHER ITEM</b>			
Exchange rate (loss) gain	<u>(101,979)</u>	<u>-</u>	<u>(101,979)</u>
Changes in net assets	(1,904,362)	529,816	(1,374,546)
Net assets at beginning of year	<u>2,956,858</u>	<u>1,892,400</u>	<u>4,849,258</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,052,496</u></b>	<b><u>\$ 2,422,216</u></b>	<b><u>\$ 3,474,712</u></b>

<b>2017</b>		
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
\$ 779,741	\$ -	\$ 779,741
1,694,375	-	1,694,375
2,422,850	4,967,780	7,390,630
7,787	-	7,787
-	-	-
118,900	-	118,900
<u>4,714,084</u>	<u>(4,714,084)</u>	<u>-</u>
<u>9,737,737</u>	<u>253,696</u>	<u>9,991,433</u>
<u>7,110,821</u>	<u>-</u>	<u>7,110,821</u>
235,635	-	235,635
<u>958,477</u>	<u>-</u>	<u>958,477</u>
<u>1,194,112</u>	<u>-</u>	<u>1,194,112</u>
<u>8,304,933</u>	<u>-</u>	<u>8,304,933</u>
1,432,804	253,696	1,686,500
<u>1,604</u>	<u>-</u>	<u>1,604</u>
1,434,408	253,696	1,688,104
<u>1,522,450</u>	<u>1,638,704</u>	<u>3,161,154</u>
<b><u>\$ 2,956,858</u></b>	<b><u>\$ 1,892,400</u></b>	<b><u>\$ 4,849,258</u></b>

See accompanying notes to financial statements.

## INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management</u>	<u>Total Supporting Services</u>	
Salaries	\$ 1,413,891	\$ 69,201	\$ 544,907	\$ 614,108	\$ 2,027,999
Payroll taxes	103,320	4,630	38,751	43,381	146,701
Employee benefits	245,451	13,927	79,383	93,310	338,761
Subtotal	1,762,662	87,758	663,041	750,799	2,513,461
Bank charges	30,421	977	724	1,701	32,122
Conferences and meetings	224,721	-	96,700	96,700	321,421
Consultants	1,143,693	-	91,325	91,325	1,235,018
Depreciation	97,600	-	-	-	97,600
Equipment rental	8,132	-	-	-	8,132
Field staff	2,240,738	-	8,332	8,332	2,249,070
Insurance	35,967	-	-	-	35,967
Legal	15,516	(35)	41,419	41,384	56,900
License fees	69,371	5,684	1,516	7,200	76,571
Miscellaneous	4,715	175	4,207	4,382	9,097
Office supplies	55,367	-	1,403	1,403	56,770
Postage and delivery	14,282	637	569	1,206	15,488
Printing	19,028	2,682	679	3,361	22,389
Professional development	3,196	500	2,847	3,347	6,543
Professional fees	416,259	57,507	105,785	163,292	579,551
Rent and office cleaning	503,461	-	250	250	503,711
Taxes	29,796	-	-	-	29,796
Telephone and internet	31,517	-	248	248	31,765
Travel	647,406	1,032	59,850	60,882	708,288
<b>TOTAL</b>	<b>\$ 7,353,848</b>	<b>\$ 156,917</b>	<b>\$ 1,078,895</b>	<b>\$ 1,235,812</b>	<b>\$ 8,589,660</b>



## INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management</u>	<u>Total Supporting Services</u>	
Salaries	\$ 1,259,424	\$ 71,691	\$ 492,261	\$ 563,952	\$ 1,823,376
Payroll taxes	89,769	4,598	34,232	38,830	128,599
Employee benefits	196,753	17,385	104,226	121,611	318,364
Subtotal	1,545,946	93,674	630,719	724,393	2,270,339
Bank charges	26,336	43	541	584	26,920
Conferences and meetings	275,634	1,043	73,774	74,817	350,451
Consultants	892,107	1,906	31,664	33,570	925,677
Depreciation	89,938	-	-	-	89,938
Business meals	24,213	131	1,134	1,265	25,478
Equipment rental	5,780	18	131	149	5,929
Field staff	2,494,023	1,229	16,955	18,184	2,512,207
Insurance	29,070	614	7,197	7,811	36,881
Legal	11,751	-	11,591	11,591	23,342
License fees	40,666	4,813	2,513	7,326	47,992
Miscellaneous	6,058	83	2,206	2,289	8,347
Office supplies	61,594	128	1,018	1,146	62,740
Postage and delivery	5,383	1,113	1,027	2,140	7,523
Printing	65,733	2,864	2,983	5,847	71,580
Professional development	22,842	539	5,915	6,454	29,296
Professional fees	325,177	121,446	106,387	227,833	553,010
Rent and office cleaning	403,652	3,618	25,398	29,016	432,668
Subscriptions and books	24,337	1,239	2,718	3,957	28,294
Taxes	56,122	-	-	-	56,122
Telephone and internet	34,744	158	3,016	3,174	37,918
Travel	669,714	976	31,590	32,566	702,280
<b>TOTAL</b>	<b><u>\$ 7,110,820</u></b>	<b><u>\$ 235,635</u></b>	<b><u>\$ 958,477</u></b>	<b><u>\$ 1,194,112</u></b>	<b><u>\$ 8,304,932</u></b>

## INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (1,374,546)	\$ 1,688,104
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	97,600	89,938
Loss on disposal of property and equipment	-	1,055
Discount on long-term grants receivable	-	(13,807)
Decrease (increase) in:		
Accounts and grants receivable	1,130,886	(613,145)
Prepaid expenses	(28,074)	(27,717)
Deposits	(16,853)	(13,032)
Increase (decrease) in:		
Accounts payable and accrued liabilities	74,601	77,573
Accrued salaries and related benefits	(129,293)	72,959
Funds held on behalf of others	(554)	-
Net cash (used) provided by operating activities	<u>(246,233)</u>	<u>1,261,928</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(118,282)	(62,635)
Proceeds from sale of property and equipment	<u>-</u>	<u>1,400</u>
Net cash used by investing activities	<u>(118,282)</u>	<u>(61,235)</u>
Net (decrease) increase in cash and cash equivalents	(364,515)	1,200,693
Cash and cash equivalents at beginning of year	<u>2,662,011</u>	<u>1,461,318</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,297,496</u></b>	<b><u>\$ 2,662,011</u></b>

# INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

### 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, Kenya and Mexico.

#### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended December 31, 2018 and applied retrospectively.

#### 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 \$401,126 and \$542,269 of cash and cash equivalents held in foreign countries at December 31, 2018 and 2017, respectively. A majority of funds held in foreign countries are uninsured.

#### Accounts and grants receivable -

Accounts and grants receivable are recorded at their net realizable value, which approximates 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.

# INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

#### Income taxes -

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

#### Uncertain tax positions -

For the years ended December 31, 2018 and 2017, 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 Statements of Financial Position.

#### Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

#### Government and cost reimburseable grants and contracts -

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.

# INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

#### Government and cost reimburseable grants and contracts (continued) -

Accordingly, such awards are recorded as revenue "without donor restrictions" to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Awards received under grants and contracts from the U.S. and foreign governments, international organizations and other sources for direct and indirect program costs (in which the claimed costs are deemed conditional until accepted by the donor) in advance of incurring the related expenses are recorded as refundable advances.

#### Consulting and contract revenue -

ITDP receives funding under contracts 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 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 agreements.

#### Grants, contributions and sponsorships -

Grants, contributions and sponsorships are recorded as revenue in the year notification is received from the donor. Grants, contributions and sponsorships with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants, contributions and sponsorships received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

#### Contributed services -

Contributed services consist of pro-bono legal services, consulting, and licenses. Contributed services are recorded at their fair value as of the date of the gift (please refer to Note 5).

#### 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. Expenses directly attributed to a specific functional area of ITDP are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

# INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

#### Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes.

Net assets previously classified as of December 31, 2017 and 2016 as unrestricted net assets in the amount of \$2,956,858 and \$1,522,450, respectively are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of \$1,892,400 and \$1,638,704, respectively are now classified as "net assets with donor restrictions".

#### New accounting pronouncement (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. ITDP has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. ITDP has not yet decided on a transition method. This ASU is effective for fiscal years beginning after December 15, 2018.

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

ITDP plans to adopt the new ASUs at the respective required implementation dates.

**INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**2. LINE OF CREDIT**

ITDP maintains a \$500,000 bank line of credit, which expired on December 23, 2018 and was renewed through December 23, 2019. The line is pending renewal. Amounts borrowed bear interest at the LIBOR rate, plus 7.5 percentage points. As of December 31, 2018 and 2017, there was no outstanding balance on the line of credit.

**3. BOARD DESIGNATED NET ASSETS**

As of December 31, 2018 and 2017, net assets have been designated by the Board of Directors for the following purposes:

	<u>2018</u>	<u>2017</u>
<b>Operating Reserve</b>	<b>\$ <u>785,063</u></b>	<b>\$ <u>863,039</u></b>

**4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Africa projects	\$ 17,766	\$ 41,885
Asia projects	400,011	335,076
Global projects	1,603,323	735,876
Latin America projects	125,656	169,583
United States projects	<u>275,460</u>	<u>609,980</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ <u>2,422,216</u></b>	<b>\$ <u>1,892,400</u></b>

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

	<u>2018</u>	<u>2017</u>
Africa projects	\$ 29,119	\$ 87,972
Asia projects	815,065	1,826,606
Global projects	935,474	843,166
Latin America projects	857,575	1,740,419
United States projects	<u>394,521</u>	<u>215,921</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$ <u>3,031,754</u></b>	<b>\$ <u>4,714,084</u></b>

**5. CONTRIBUTED SERVICES**

During the years ended December 31, 2018 and 2017, ITDP was the beneficiary of contributed services, which allowed ITDP to provide greater resources toward various programs.

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**NOTES TO FINANCIAL STATEMENTS  
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**5. CONTRIBUTED SERVICES (Continued)**

To properly reflect total expenses, the following donations have been included in revenue and expense for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Public relations	\$ 54,570	\$ 118,900
Other professional fees	<u>6,250</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 60,820</u></b>	<b><u>\$ 118,900</u></b>

The following programs have benefited from these contributed services:

	<u>2018</u>	<u>2017</u>
<b>Fundraising</b>	<b><u>\$ 60,820</u></b>	<b><u>\$ 118,900</u></b>

**6. 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, 2020.
- A lease for space in Mexico, which expired in February 2018 and was renewed through February 2020 and then again through February 2021 after year end.
- Four office leases in India (one expired in September 2018 and was renewed through August 2023, one expired in July 2019, one set to expire June 2020 and the last one through March 2020 which was extended to February 2022 after year end).
- Two office leases in China, one expired in August 2019 and was renewed through August 2020, and one set to expire in December 2022.
- A lease for space in Indonesia that was set to expire May 2019, which was renewed through May 2020.

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

<u>Year Ending December 31,</u>	
2019	\$ 385,007
2020	176,633
2021	36,614
2022	38,147
2023	<u>4,898</u>
	<b><u>\$ 641,299</u></b>



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**6. LEASE COMMITMENTS (Continued)**

Rent expense under the aforementioned leases totaled \$457,834 and \$383,507 for the years ended December 31, 2018 and 2017, respectively and is included in rent and office cleaning in the accompanying Statements of Functional Expenses.

**7. 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, 2018 and 2017 totaled \$113,941 and \$111,335, respectively.

**8. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 2,297,496	\$ 2,662,011
Accounts and grants receivable	<u>1,541,685</u>	<u>2,672,571</u>
Subtotal financial assets available within one year	3,839,181	5,334,582
Less: Donor restricted funds	(2,422,216)	(1,892,400)
Less: Board designated funds	<u>(785,063)</u>	<u>(863,039)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ <u>631,902</u></b>	<b>\$ <u>2,579,143</u></b>

ITDP has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2018 and 2017, ITDP has financial assets equal to approximately one and four months of operating expenses, respectively. Board designated funds in the amount of \$785,063 and \$863,039, respectively could be released from designation if necessary. In addition, ITDP has a line of credit agreement (as further discussed in Note 2) which allows for additional available borrowings up to \$500,000.

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**9. SUBSEQUENT EVENTS**

In preparing these financial statements, ITDP has evaluated events and transactions for potential recognition or disclosure through April 14, 2020, the date the financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact ITDP's operations. The overall potential impact is unknown at this time.