

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, 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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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Friedman

November 15, 2021

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS		<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Cash and cash equivalents		\$ 3,113,379	\$ 2,899,706
Accounts and grants receivable		3,199,413	1,419,011
Prepaid expenses		<u>116,944</u>	<u>137,782</u>
Total current assets		<u>6,429,736</u>	<u>4,456,499</u>
PROPERTY AND EQUIPMENT			
Equipment		36,602	41,962
Furniture		52,992	52,992
Computer equipment		313,922	339,053
Leasehold improvements		<u>386,174</u>	<u>386,174</u>
		789,690	820,181
Less: Accumulated depreciation and amortization		<u>(751,884)</u>	<u>(745,187)</u>
Net property and equipment		<u>37,806</u>	<u>74,994</u>
NON-CURRENT ASSETS			
Deposits		<u>78,319</u>	<u>91,204</u>
TOTAL ASSETS		<u>\$ 6,545,861</u>	<u>\$ 4,622,697</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 792,439	\$ 477,794
Deferred revenue		251,598	-
Accrued salaries and related benefits		118,682	220,570
Funds held on behalf of others		<u>1,967</u>	<u>74,739</u>
Total liabilities		<u>1,164,686</u>	<u>773,103</u>
NET ASSETS			
Without donor restrictions:			
Board designated		67,548	526,499
With donor restrictions		<u>5,313,627</u>	<u>3,323,095</u>
Total net assets		<u>5,381,175</u>	<u>3,849,594</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 6,545,861</u>	<u>\$ 4,622,697</u>

See accompanying notes to financial statements.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions:			
Government and cost reimbursable grants	\$ 3,591,383	\$ -	\$ 3,591,383
Grants, contributions and sponsorships	210,574	6,472,890	6,683,464
Contributed services	18,752	-	18,752
Net assets released from donor restrictions	<u>4,482,358</u>	<u>(4,482,358)</u>	<u>-</u>
Total contributions	<u>8,303,067</u>	<u>1,990,532</u>	<u>10,293,599</u>
Consulting and contract revenue	395,213	-	395,213
Interest income	4,760	-	4,760
Event revenue	<u>17,484</u>	<u>-</u>	<u>17,484</u>
Total revenue and support	<u>8,720,524</u>	<u>1,990,532</u>	<u>10,711,056</u>
EXPENSES			
Program Services	<u>7,723,394</u>	<u>-</u>	<u>7,723,394</u>
Supporting Services:			
Fundraising	104,837	-	104,837
Management	<u>1,315,117</u>	<u>-</u>	<u>1,315,117</u>
Total supporting services	<u>1,419,954</u>	<u>-</u>	<u>1,419,954</u>
Total expenses	<u>9,143,348</u>	<u>-</u>	<u>9,143,348</u>
Changes in net assets from operations before other item	(422,824)	1,990,532	1,567,708
OTHER ITEM			
Exchange rate loss	<u>(36,127)</u>	<u>-</u>	<u>(36,127)</u>
Changes in net assets	(458,951)	1,990,532	1,531,581
Net assets at beginning of year	<u>526,499</u>	<u>3,323,095</u>	<u>3,849,594</u>
NET ASSETS AT END OF YEAR	<u>\$ 67,548</u>	<u>\$ 5,313,627</u>	<u>\$ 5,381,175</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions:			
Government and cost reimbursable grants	\$ 2,481,512	\$ -	\$ 2,481,512
Grants, contributions and sponsorships	564,397	5,492,018	6,056,415
In kind	20,323	-	20,323
Net assets released from donor restrictions	<u>4,591,139</u>	<u>(4,591,139)</u>	<u>-</u>
Total contributions	<u>7,657,371</u>	<u>900,879</u>	<u>8,558,250</u>
Consulting and contract revenue	837,866	-	837,866
Investment income	7,494	-	7,494
Event revenue	<u>33,725</u>	<u>-</u>	<u>33,725</u>
Total revenue and support	<u>8,536,456</u>	<u>900,879</u>	<u>9,437,335</u>
EXPENSES			
Program Services	<u>7,819,525</u>	<u>-</u>	<u>7,819,525</u>
Supporting Services:			
Fundraising	86,786	-	86,786
Management	<u>1,127,740</u>	<u>-</u>	<u>1,127,740</u>
Total supporting services	<u>1,214,526</u>	<u>-</u>	<u>1,214,526</u>
Total expenses	<u>9,034,051</u>	<u>-</u>	<u>9,034,051</u>
Changes in net assets from operations before other item	(497,595)	900,879	403,284
OTHER ITEM			
Exchange rate loss	<u>(28,402)</u>	<u>-</u>	<u>(28,402)</u>
Changes in net assets	(525,997)	900,879	374,882
Net assets at beginning of year	<u>1,052,496</u>	<u>2,422,216</u>	<u>3,474,712</u>
NET ASSETS AT END OF YEAR	<u>\$ 526,499</u>	<u>\$ 3,323,095</u>	<u>\$ 3,849,594</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Supporting Services				Total Expenses
	Program Services	Fundraising	Management	Total Supporting Services	
Salaries	\$ 2,182,041	\$ 57,363	\$ 770,115	\$ 827,478	\$ 3,009,519
Payroll taxes	160,316	4,119	54,471	58,590	218,906
Employee benefits	283,025	2,590	143,076	145,666	428,691
Subtotal	2,625,382	64,072	967,662	1,031,734	3,657,116
Bank charges	17,689	1,383	4,532	5,915	23,604
Conferences and meetings	229,622	26	10,670	10,696	240,318
Consultants	1,273,618	1,322	32,067	33,389	1,307,007
Depreciation and amortization	33,823	471	5,893	6,364	40,187
Equipment rental	23,383	32	400	432	23,815
Regional office staff	2,156,044	-	42,914	42,914	2,198,958
Insurance	33,607	294	3,686	3,980	37,587
Legal	15,853	3	44,679	44,682	60,535
License fees	77,205	20,699	5,268	25,967	103,172
Miscellaneous	6,298	57	3,019	3,076	9,374
Office supplies	47,079	76	3,143	3,219	50,298
Postage and delivery	14,280	1,847	693	2,540	16,820
Printing	11,199	3,491	53	3,544	14,743
Professional development	6,081	94	9,936	10,030	16,111
Professional fees	504,776	6,873	141,355	148,228	653,004
Rent and office cleaning	428,375	2,682	33,570	36,252	464,627
Taxes	42,360	-	-	-	42,360
Telephone and internet	24,176	86	1,052	1,138	25,314
Travel	152,544	1,329	4,525	5,854	158,398
TOTAL	\$ 7,723,394	\$ 104,837	\$ 1,315,117	\$ 1,419,954	\$ 9,143,348

See accompanying notes to financial statements.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Supporting Services				Total Expenses
	Program Services	Fundraising	Management	Total Supporting Services	
Salaries	\$ 1,761,495	\$ 62,202	\$ 523,306	\$ 585,508	\$ 2,347,003
Payroll taxes	132,315	4,403	39,204	43,607	175,922
Employee benefits	245,425	2,510	100,719	103,229	348,654
Subtotal	2,139,235	69,115	663,229	732,344	2,871,579
Bank charges	27,263	1,188	2,174	3,362	30,625
Conferences and meetings	194,571	243	33,395	33,638	228,209
Consultants	933,073	765	108,862	109,627	1,042,700
Depreciation and amortization	60,825	579	8,604	9,183	70,008
Equipment rental	7,495	10	571	581	8,076
Regional office staff	2,353,305	-	13,814	13,814	2,367,119
Insurance	38,890	280	4,470	4,750	43,640
Legal	8,349	-	33,216	33,216	41,565
License fees	87,114	1,487	12,517	14,004	101,118
Miscellaneous	9,859	868	8,977	9,845	19,704
Office supplies	92,499	1,433	6,925	8,358	100,857
Postage and delivery	10,631	1,323	504	1,827	12,458
Printing	35,529	881	1,022	1,903	37,432
Professional development	21,527	969	2,237	3,206	24,733
Professional fees	557,707	4,624	136,754	141,378	699,085
Rent and office cleaning	491,501	2,558	38,820	41,378	532,879
Taxes	54,098	-	-	-	54,098
Telephone and internet	30,483	68	1,821	1,889	32,372
Travel	665,571	395	49,828	50,223	715,794
TOTAL	\$ 7,819,525	\$ 86,786	\$ 1,127,740	\$ 1,214,526	\$ 9,034,051

See accompanying notes to financial statements.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,531,581	\$ 374,882
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	40,187	70,008
(Increase) decrease in:		
Accounts and grants receivable	(1,780,402)	122,674
Prepaid expenses	20,838	34,348
Deposits	12,885	8,034
Increase (decrease) in:		
Accounts payable and accrued liabilities	314,645	(20,766)
Deferred revenue	251,598	-
Accrued salaries and related benefits	(101,888)	30,474
Funds held on behalf of others	<u>(72,772)</u>	<u>-</u>
Net cash provided by operating activities	<u>216,672</u>	<u>619,654</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(2,999)</u>	<u>(17,444)</u>
Net cash used by investing activities	<u>(2,999)</u>	<u>(17,444)</u>
Net increase in cash and cash equivalents	213,673	602,210
Cash and cash equivalents at beginning of year	<u>2,899,706</u>	<u>2,297,496</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,113,379</u>	<u>\$ 2,899,706</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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. Stakeholders 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 regional 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 of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are 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.

New accounting pronouncement adopted -

During 2020, ITDP adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way ITDP recognized revenue; however, the presentation and disclosures of revenue have been enhanced. ITDP has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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

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 \$937,047 and \$523,577 of cash and cash equivalents held in foreign countries at December 31, 2020 and 2019, 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 \$2,500 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 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, 2020 and 2019, 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.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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

Revenue recognition -

Contributions -

ITDP receives funding under grants and sponsorships from international organizations and other grantors for direct and indirect program costs. ITDP performs an analysis of the individual transaction to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For items qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Grants and sponsorships qualifying as contributions that are unconditional and have 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. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants and sponsorships qualifying as conditional contributions contain a right of return from obligation provision that limits ITDP on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Many grant awards from the international organizations and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. ITDP recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, ITDP had approximately \$7,241,250 and \$5,641,022 in unrecognized conditional awards as of December 31, 2020 and 2019, respectively.

Contributed services -

Contributed services consist of public relations, professional services and other services. Contributed services are recorded at their fair value as of the date of the gift (please refer to Note 6).

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 follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue at a point in time when the performance obligations are met. ITDP has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Revenue is recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the agreements.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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 Statement 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.

Economic uncertainties -

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.

New accounting pronouncements (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities for fiscal years beginning after December 15, 2021. Early adoption is still 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 ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. FUNDING FROM THE PAYCHECK PROTECTION PROGRAM

On April 29, 2020, ITDP received loan proceeds in the amount of \$454,100 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration. During the year ended December 31, 2020, ITDP expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and believes they met all conditions set forth for full forgiveness. Accordingly, under guidance found in FASB ASC 958-605, ITDP has recognized the PPP funding as a conditional grant by which all conditions have been met.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. FUNDING FROM THE PAYCHECK PROTECTION PROGRAM (Continued)

ITDP received notification of full forgiveness by the SBA subsequent to year end. Accordingly, \$454,100 of grant income from the Paycheck Protection Program is included in government grants on the accompanying Statement of Activities and Changes in Net Assets for the year ended December 31, 2020.

3. LINE OF CREDIT

ITDP maintains a \$500,000 bank line of credit, which expired on December 23, 2019. A new, \$950,000 line of credit was approved in June 2020. As of December 31, 2020 and 2019, there was no outstanding balance or borrowings on either line of credit. The interest rate on the 2019 line of credit was the LIBOR rate, plus 7.5 percentage points. The rate on the 2020 line of credit was the LIBOR rate, plus 5.7 percentage points.

4. BOARD DESIGNATED NET ASSETS

As of December 31, 2020 and 2019, net assets have been designated by the Board of Directors for the following purposes:

	<u>2020</u>	<u>2019</u>
Operating Reserve	<u>\$ 67,548</u>	<u>\$ 526,499</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Africa projects	\$ 193,578	\$ 19,835
Asia projects	267,911	179,127
Global projects	4,676,940	2,268,192
Latin America projects	33,073	151,496
United States projects	<u>142,125</u>	<u>704,445</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 5,313,627</u>	<u>\$ 3,323,095</u>

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>2020</u>	<u>2019</u>
Africa projects	\$ 32,483	\$ 2,931
Asia projects	271,934	262,884
Global projects	3,015,998	3,188,332
Latin America projects	349,622	565,979
United States projects	<u>812,321</u>	<u>571,013</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 4,482,358</u>	<u>\$ 4,591,139</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

6. CONTRIBUTED SERVICES

During the years ended December 31, 2020 and 2019, ITDP was the beneficiary of contributed services, which allowed ITDP to provide greater resources toward various programs. To properly reflect total expenses, the following donations have been included in revenue and expense for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Public relations	\$ 2	\$ 1,573
Other professional fees	<u>18,750</u>	<u>18,750</u>
TOTAL	<u>\$ 18,752</u>	<u>\$ 20,323</u>

The following programs have benefited from these contributed services:

	<u>2020</u>	<u>2019</u>
Fundraising	\$ 2	\$ 1,573
Program Services	<u>18,750</u>	<u>18,750</u>
TOTAL CONTRIBUTED SERVICES	<u>\$ 18,752</u>	<u>\$ 20,323</u>

7. LEASE COMMITMENTS

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

During 2015, ITDP extended its leased office space in New York under a five-year agreement, which expired on July 31, 2021 and was extended through December 2021. 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., Boston, MA and Los Angeles, CA (month-to-month).

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

- An office lease in Brazil through September 2024.
- An office lease in Mexico through February 2022.
- Two office leases in China: In Guangzhou through December 2022 and in Beijing through August 2022.
- Two office leases in India: In Pune through August 2023, in Chennai through March 2021.
- An office lease in Indonesia through April 2024.
- A lease in Ethiopia through March 2022.

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

<u>Year Ending December 31,</u>	
2021	\$ 348,719
2022	102,244
2023	40,215
2024	<u>15,277</u>
	<u>\$ 506,455</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

7. LEASE COMMITMENTS (Continued)

Rent expense under the aforementioned leases totaled \$454,644 and \$508,132 for the years ended December 31, 2020 and 2019, respectively and is included in rent and office cleaning in the accompanying Statements of Functional Expenses.

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, 2020 and 2019 totaled \$176,742 and \$128,372, respectively.

9. 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,113,379	\$ 2,899,706
Accounts and grants receivable	<u>3,199,413</u>	<u>1,419,011</u>
Subtotal financial assets available within one year	6,312,792	4,318,717
Less: Donor restricted funds	(5,313,627)	(3,323,095)
Less: Board designated funds	<u>(67,548)</u>	<u>(526,499)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>931,617</u>	\$ <u>469,123</u>

ITDP has a policy to structure its financial assets to be available and liquid as its obligations become due. Board designated funds in the amount of \$67,548 and \$526,499, respectively could be released from designation if necessary. In addition, ITDP has a line of credit agreement (as further discussed in Note 3) which allows for additional available borrowings up to \$950,000.

10. SUBSEQUENT EVENTS

In preparing these financial statements, ITDP has evaluated events and transactions for potential recognition or disclosure through November 15, 2021, the date the financial statements were issued.