

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Institute for Transportation and Development (ITDP), which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ITDP as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ITDP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ITDP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ITDP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ITDP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the Fund will continue as a going concern. As discussed in Note 7 to the financial statements, ITDP has sustained consecutive losses in net assets without donor restrictions, which raises substantial doubt about the ability to continue as a going concern. Management's plans in regard to these matters is also described in Note 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.



November 29, 2023

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,991,819	\$ 2,854,740
Accounts receivable	183,175	141,136
Grants receivable	4,284,933	1,150,237
Prepaid expenses	<u>145,683</u>	<u>178,786</u>
Total current assets	<u>7,605,610</u>	<u>4,324,899</u>
PROPERTY AND EQUIPMENT		
Equipment	31,273	31,273
Furniture	59,414	52,992
Computer equipment	324,880	299,100
Leasehold improvements	<u>560,593</u>	<u>404,809</u>
	976,160	788,174
Less: Accumulated depreciation and amortization	<u>(812,147)</u>	<u>(755,132)</u>
Net property and equipment	<u>164,013</u>	<u>33,042</u>
NON-CURRENT ASSETS		
Right-of-use assets, net	1,924,338	-
Deposits	<u>77,100</u>	<u>72,729</u>
Total non-current assets	<u>2,001,438</u>	<u>72,729</u>
TOTAL ASSETS	<u>\$ 9,771,061</u>	<u>\$ 4,430,670</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 977,934	\$ 928,042
Accrued salaries and related benefits	179,133	268,894
Funds held on behalf of others	594	799
Operating lease liabilities	<u>239,339</u>	<u>-</u>
Total current liabilities	<u>1,397,000</u>	<u>1,197,735</u>
NONCURRENT LIABILITIES		
Operating lease liabilities, net of current	<u>1,771,410</u>	<u>-</u>
Total liabilities	<u>3,168,410</u>	<u>1,197,735</u>
NET ASSETS		
Without donor restrictions	(748,159)	(510,737)
With donor restrictions	<u>7,350,810</u>	<u>3,743,672</u>
Total net assets	<u>6,602,651</u>	<u>3,232,935</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,771,061</u>	<u>\$ 4,430,670</u>

See accompanying notes to financial statements.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions:			
Government and cost reimbursable grants	\$ 4,226,329	\$ -	\$ 4,226,329
Grants, contributions and sponsorships	54,376	10,076,876	10,131,252
Net assets released from donor restrictions	<u>6,469,738</u>	<u>(6,469,738)</u>	<u>-</u>
Total contributions	10,750,443	3,607,138	14,357,581
Consulting and contract revenue	658,695	-	658,695
Interest income	10,889	-	10,889
Event and other revenue	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total revenue and support	<u>11,423,027</u>	<u>3,607,138</u>	<u>15,030,165</u>
EXPENSES			
Program Services	<u>10,269,834</u>	<u>-</u>	<u>10,269,834</u>
Supporting Services:			
Management	1,215,897	-	1,215,897
Fundraising	<u>54,247</u>	<u>-</u>	<u>54,247</u>
Total supporting services	<u>1,270,144</u>	<u>-</u>	<u>1,270,144</u>
Total expenses	<u>11,539,978</u>	<u>-</u>	<u>11,539,978</u>
Changes in net assets from operations before other item	(116,951)	3,607,138	3,490,187
OTHER ITEM			
Exchange rate loss	<u>(120,471)</u>	<u>-</u>	<u>(120,471)</u>
Changes in net assets	(237,422)	3,607,138	3,369,716
Net assets at beginning of year	<u>(510,737)</u>	<u>3,743,672</u>	<u>3,232,935</u>
NET ASSETS AT END OF YEAR	<u>\$ (748,159)</u>	<u>\$ 7,350,810</u>	<u>\$ 6,602,651</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions:			
Government and cost reimbursable grants	\$ 4,380,379	\$ -	\$ 4,380,379
Grants, contributions and sponsorships	45,692	3,510,520	3,556,212
Net assets released from donor restrictions	<u>5,080,475</u>	<u>(5,080,475)</u>	<u>-</u>
Total contributions	9,506,546	(1,569,955)	7,936,591
Consulting and contract revenue	471,235	-	471,235
Interest income	4,455	-	4,455
Event and other revenue	<u>4,187</u>	<u>-</u>	<u>4,187</u>
Total revenue and support	<u>9,986,423</u>	<u>(1,569,955)</u>	<u>8,416,468</u>
EXPENSES			
Program Services	<u>8,693,242</u>	<u>-</u>	<u>8,693,242</u>
Supporting Services:			
Management	1,382,194	-	1,382,194
Fundraising	<u>79,461</u>	<u>-</u>	<u>79,461</u>
Total supporting services	<u>1,461,655</u>	<u>-</u>	<u>1,461,655</u>
Total expenses	<u>10,154,897</u>	<u>-</u>	<u>10,154,897</u>
Changes in net assets from operations before other items	<u>(168,474)</u>	<u>(1,569,955)</u>	<u>(1,738,429)</u>
OTHER ITEMS			
Exchange rate loss	(83,310)	-	(83,310)
Transfer of balances to UMTSPL and UWI	<u>326,501</u>	<u>-</u>	<u>326,501</u>
Total other items	<u>(409,811)</u>	<u>-</u>	<u>(409,811)</u>
Changes in net assets	(578,285)	(1,569,955)	(2,148,240)
Net assets at beginning of year	<u>67,548</u>	<u>5,313,627</u>	<u>5,381,175</u>
NET ASSETS AT END OF YEAR	<u>\$ (510,737)</u>	<u>\$ 3,743,672</u>	<u>\$ 3,232,935</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Supporting Services				Total Expenses
	Program Services	Management	Fundraising	Total Supporting Services	
Salaries	\$ 1,904,782	\$ 694,732	\$ 36,210	\$ 730,942	\$ 2,635,724
Payroll taxes	145,555	58,702	3,649	62,351	207,906
Employee benefits	316,184	151,441	2,852	154,293	470,477
Subtotal	2,366,521	904,875	42,711	947,586	3,314,107
Bank charges	43,352	829	1,509	2,338	45,690
Conferences and meetings	174,030	4,835	-	4,835	178,865
Consultants	2,159,252	36,262	-	36,262	2,195,514
Depreciation and amortization	50,747	6,002	266	6,268	57,015
Equipment rental	8,347	-	-	-	8,347
Field staff	3,225,155	23,757	-	23,757	3,248,912
Insurance	56,677	945	42	987	57,664
Legal	26,914	67,293	-	67,293	94,207
License fees and subscriptions	190,167	6,573	1,985	8,558	198,725
Miscellaneous	4,788	-	-	-	4,788
Office supplies	105,147	11,907	461	12,368	117,515
Postage and delivery	14,667	199	4,351	4,550	19,217
Printing	35,946	84	1,457	1,541	37,487
Professional development	19,500	1,391	-	1,391	20,891
Professional fees	697,392	145,871	1,449	147,320	844,712
Lease and office cleaning	465,652	-	-	-	465,652
Taxes	67,805	-	-	-	67,805
Telephone and internet	21,742	-	-	-	21,742
Travel	536,033	5,074	16	5,090	541,123
TOTAL	\$ 10,269,834	\$ 1,215,897	\$ 54,247	\$ 1,270,144	\$ 11,539,978

See accompanying notes to financial statements.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management	Fundraising		
Salaries	\$ 1,871,327	\$ 750,934	\$ 52,256	\$ 803,190	\$ 2,674,517
Payroll taxes	143,136	53,513	3,754	57,267	200,403
Employee benefits	288,001	153,634	4,649	158,283	446,284
Subtotal	2,302,464	958,081	60,659	1,018,740	3,321,204
Bank charges	32,442	5,787	1,084	6,871	39,313
Conferences and meetings	67,216	2,739	63	2,802	70,018
Consultants	2,027,554	120,030	918	120,948	2,148,502
Depreciation and amortization	21,540	3,369	197	3,566	25,106
Equipment rental	7,049	499	29	528	7,577
Field staff	2,485,456	(2,837)	-	(2,837)	2,482,619
Insurance	41,554	8,533	216	8,749	50,303
Legal	22,735	37,538	-	37,538	60,273
License fees and subscriptions	153,658	16,610	5,518	22,128	175,786
Miscellaneous	4,000	26,588	5	26,593	30,593
Office supplies	124,299	578	33	611	124,910
Postage and delivery	8,030	130	1,791	1,921	9,951
Printing	23,602	108	2,425	2,533	26,135
Professional development	10,599	79	5	84	10,683
Professional fees	693,895	167,728	4,506	172,234	866,129
Lease and office cleaning	394,265	34,274	2,004	36,278	430,543
Taxes	95,690	-	-	-	95,690
Telephone and internet	14,433	119	8	127	14,560
Travel	162,761	2,241	-	2,241	165,002
TOTAL	\$ 8,693,242	\$ 1,382,194	\$ 79,461	\$ 1,461,655	\$ 10,154,897

See accompanying notes to financial statements.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 3,369,716	\$ (2,148,240)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	57,015	25,106
Amortization of right-of-use asset	241,144	-
(Increase) decrease in:		
Accounts receivable	(42,039)	40,448
Grants receivable	(3,134,696)	1,867,592
Prepaid expenses	33,103	(61,842)
Deposits	(4,371)	5,590
Increase (decrease) in:		
Accounts payable and accrued liabilities	49,892	135,603
Deferred revenue	-	(251,598)
Accrued salaries and related benefits	(89,761)	150,212
Funds held on behalf of others	(205)	(1,168)
Operating lease liabilities	<u>(154,733)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>325,065</u>	<u>(238,297)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(187,986)</u>	<u>(20,342)</u>
Net cash used by investing activities	<u>(187,986)</u>	<u>(20,342)</u>
Net increase (decrease) in cash and cash equivalents	137,079	(258,639)
Cash and cash equivalents at beginning of year	<u>2,854,740</u>	<u>3,113,379</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,991,819</u>	<u>\$ 2,854,740</u>
SCHEDULE OF NONCASH FINANCING TRANSACTIONS		
Right-of-Use Assets	<u>\$ 2,165,482</u>	<u>\$ -</u>
Operating Lease Liabilities for Right-of-Use Assets	<u>\$ 2,165,482</u>	<u>\$ -</u>

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Institute for Transportation and Development (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** - 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 2022, ITDP adopted ASU 2019-01, *Leases* (Topic 842), which changed 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 Statements of Financial Position and disclosure of key information about leasing arrangements. ITDP applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 5 for further details.

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.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

Cash and cash equivalents (continued) -

ITDP had \$408,827 and \$449,519 of cash and cash equivalents held in foreign countries at December 31, 2022 and 2021, respectively. A majority of funds held in foreign countries are uninsured.

Receivables -

Receivables are recorded at their net realizable value, which approximates fair value. 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 are recorded as expenses as they are incurred. Depreciation and amortization expense for the years ended December 31, 2022 and 2021 totaled \$57,015 and \$25,106, respectively.

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, 2022 and 2021, 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.

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.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

Revenue recognition (continued) -

Contributions (continued) -

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 \$4,586,000 and \$5,929,699 in unrecognized conditional awards as of December 31, 2022 and 2021, respectively.

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.

Receivables from contracts with customers and deferred revenue were \$181,584 and \$251,598, respectively as of December 31, 2020.

Foreign currency translation -

The U.S. Dollar 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 currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Statements of Financial Position.

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.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Functional allocation of expenses (continued) -

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.

Going concern -

During the year ended December 31, 2022, ITDP applied FASB ASU 2014-15, *Presentation of Financial Statements - Going Concern*, and evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an ability to continue as a going concern within one year after the date the financial statements are issued. See Note 7 for the analysis of the principal conditions, managements evaluation and future plans that will mitigate the conditions or events.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for ITDP for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach. 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. **LINE OF CREDIT**

A \$950,000 line of credit was approved in June 2020 and was renewed on September 16, 2021. The interest rate on the line of credit was the LIBOR rate, plus 5.7 percentage points.

In December 2022, ITDP re-negotiated the line of credit for \$500,000 and it is valid through October 12, 2023. The interest rate on the line of credit is the SOFR rate, plus 4.22 percentage points. As of December 31, 2022 and 2021, there was no outstanding balance or borrowings on the line of credit.

3. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Africa projects	\$ 48,749	\$ 77,095
Asia projects	51,410	55,629
Global projects	6,574,688	3,140,966
Latin America projects	89,751	118,762
United States projects	<u>586,212</u>	<u>351,220</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 7,350,810</u>	<u>\$ 3,743,672</u>

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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:

	2022	2021
Purpose restrictions accomplished:		
Africa projects	\$ 294,270	\$ 121,483
Asia projects	184,219	242,282
Global projects	4,334,174	3,540,433
Latin America projects	642,067	385,373
United States projects	1,015,008	790,904
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 6,469,738	\$ 5,080,475

4. LIQUIDITY AND AVAILABILITY

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

	2022	2021
Cash and cash equivalents	\$ 2,991,819	\$ 2,854,740
Accounts receivable	183,175	141,136
Grants receivable	4,284,933	1,150,237
Subtotal financial assets available within one year	7,459,927	4,146,113
Less: Donor restricted funds	(7,350,810)	(3,743,672)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 109,117	\$ 402,441

ITDP has a policy to structure its financial assets to be available and liquid as its obligations become due. 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.

5. LEASE COMMITMENTS

ITDP is obligated for certain lease payments over the coming years in the USA and its regional offices.

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, then through December 2031. ITDP also leases office space under agreements in Washington, D.C., and Boston, Massachusetts (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 2024.
- An office lease in China through August 2024.
- Two office leases in India: In June through July 2027, in Chennai through May 2023.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

5. LEASE COMMITMENTS (Continued)

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

- An office lease in Indonesia through May 2024.
- An office lease in Kenya through September 2026.
- A lease in Tanzania through March 2023.
- A lease in Ethiopia through April 2023.

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 Statements of Financial Position and disclosure of key information about leasing arrangements. ITDP elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. ITDP also adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, ITDP recorded a right-of-use asset in the amount of \$2,165,482 and also recorded an operating lease liability in the amount of \$2,165,482 by calculating the present value.

As of December 31, 2022, the weighted-average remaining lease term and rate for the financing leases is 7.72 years and 1.63%, respectively.

<u>Year Ending December 31,</u>	
2023	\$ 270,396
2024	256,911
2025	235,987
2026	237,636
2027	222,675
Thereafter	<u>936,645</u>
Subtotal	2,160,250
Less: Imputed interest	(149,501)
Less: Current portion	<u>(239,339)</u>
LONG-TERM PORTION	<u>\$ 1,771,410</u>

Rent expense for the years ended December 31, 2022 and 2021 was \$449,519 and \$416,406, respectively, and is included in rent and office cleaning in the accompanying Statements of Functional Expenses.

6. 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.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

6. RETIREMENT PLAN (Continued)

Contributions to the Plan during the years ended December 31, 2022 and 2021 totaled \$198,957 and \$180,503, respectively.

7. GOING CONCERN

For the years ended December 31, 2022 and 2021, ITDP experienced a loss, and had a deficit in net assets without donor restrictions of over \$748,000 and \$510,000, respectively. The ability of ITDP to continue as a going concern is dependent on the success of an operation plan to raise funding during the coming fiscal year, as well as maintaining a continued effort to decrease budgeting expenditures.

8. INDIA NETWORK ENTITIES

During the year ended December 31, 2021, India Network Entities of ITDP was comprised of:

- ITDP Private Limited registered as a company in India and a subsidiary of ITDP New York;
- Urban Mobility Transformation Services Private Limited (UMTSPL), a Network partner of ITDP; and
- Urban works Institute (UWI), registered as a Public Charitable Trust, a Network Partner of ITDP.

During the year ended December 31, 2021, UMTSPL and UWI ceased to be Network Entities of ITDP US. The remaining balances related to these entities have been shown as a transfer to UMTSPL and UWI on the Statement of Activities and Changes in Net Assets for the year ended December 31, 2021.

9. SUBSEQUENT EVENTS

In preparing these financial statements, ITDP has evaluated events and transactions for potential recognition or disclosure through November 29, 2023, the date the financial statements were issued.