

**IDINSIGHT, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
IDinsight, Inc.  
San Francisco, California

We have audited the accompanying consolidated financial statements of IDinsight, Inc., which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of IDinsight, Inc. 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.

**Adoption of New Accounting Pronouncement**

As discussed in Note 1 to the financial statements, IDinsight, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP  
Alexandria, Virginia  
August 9, 2019

**IDINSIGHT, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,364,987	\$ 6,006,468
Accounts receivable	975,803	827,823
Employee and other receivables	48,206	13,590
Other assets	232,769	85,245
Unconditional promises to give, current portion	150,000	702,750
Prepaid expenses	<u>91,585</u>	<u>78,809</u>
Total current assets	5,863,350	7,714,685
Unconditional promises to give, net of current portion	95,694	235,114
Property and equipment - net	<u>56,986</u>	<u>45,220</u>
<b>Total assets</b>	<u><u>\$ 6,016,030</u></u>	<u><u>\$ 7,995,019</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other accrued expenses	155,204	191,433
Accrued payroll and related liabilities	456,323	380,508
Deferred consulting income	<u>3,063,828</u>	<u>4,188,218</u>
Total liabilities	3,675,355	4,760,159
<b>NET ASSETS</b>		
Without donor restrictions	2,094,981	2,296,996
With donor restrictions	<u>245,694</u>	<u>937,864</u>
Total net assets	<u>2,340,675</u>	<u>3,234,860</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 6,016,030</u></u>	<u><u>\$ 7,995,019</u></u>

See accompanying notes.

**IDINSIGHT, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2018 and 2017

	2018	2017
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Consulting income	\$ 8,962,804	\$ 6,352,891
Contributions	62,145	562,249
Other	44,542	39,951
	<u>9,069,491</u>	<u>6,955,091</u>
<b>EXPENSES</b>		
Program services	8,300,664	5,801,975
Management and general	1,655,438	930,438
Fundraising	7,574	6,367
	<u>9,963,676</u>	<u>6,738,780</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Satisfaction of program restrictions	339,420	-
Expiration of time restrictions	352,750	-
	<u>692,170</u>	<u>-</u>
Total net assets released from restrictions	692,170	-
Change in net assets without donor restrictions	(202,015)	216,311
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	-	935,864
Net assets released from restrictions	(692,170)	-
	<u>(692,170)</u>	<u>935,864</u>
Change in net assets with donor restrictions	(692,170)	935,864
<b>Change in net assets</b>	(894,185)	1,152,175
Net assets at beginning of year	<u>3,234,860</u>	<u>2,082,685</u>
<b>Net assets at end of year</b>	<u>\$ 2,340,675</u>	<u>\$ 3,234,860</u>

See accompanying notes.

**IDINSIGHT, INC.**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
Years ended December 31, 2018 and 2017

	Program Services	Management and General	Fundraising	2018 Total
Personnel	\$ 5,670,904	\$ 1,281,268	\$ 7,012	\$ 6,959,184
Subcontracts	771,275	-	-	771,275
Local travel	616,678	14,452	562	631,692
International travel	295,867	40,748	-	336,615
Office	284,748	48,067	-	332,815
Rent and utilities	178,182	103,701	-	281,883
Equipment and supplies	190,600	66,867	-	257,467
Professional development and training	70,845	52,158	-	123,003
Professional fees	183,195	47,015	-	230,210
Miscellaneous	21,079	1,162	-	22,241
Depreciation	17,291	-	-	17,291
<b>Total expenses</b>	<b>\$ 8,300,664</b>	<b>\$ 1,655,438</b>	<b>\$ 7,574</b>	<b>\$ 9,963,676</b>

	Program Services	Management and General	Fundraising	2017 Total
Personnel	\$ 3,657,257	\$ 678,860	\$ 6,294	\$ 4,342,411
Subcontracts	793,941	-	-	793,941
Local travel	500,335	23,419	53	523,807
International travel	185,781	32,555	-	218,336
Office	206,792	37,462	-	244,254
Rent and utilities	144,160	66,126	-	210,286
Equipment and supplies	138,286	37,394	20	175,700
Professional development and training	71,945	28,246	-	100,191
Professional fees	77,547	25,801	-	103,348
Miscellaneous	13,362	575	-	13,937
Depreciation	12,569	-	-	12,569
<b>Total expenses</b>	<b>\$ 5,801,975</b>	<b>\$ 930,438</b>	<b>\$ 6,367</b>	<b>\$ 6,738,780</b>

See accompanying notes.

**IDINSIGHT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (894,185)	\$ 1,152,175
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	17,291	12,569
Loss on sale of property and equipment	-	297
Changes in assets and liabilities		
Accounts receivable	(147,980)	(354,134)
Employee and other receivables	(34,616)	-
Other assets	(147,524)	(15,056)
Unconditional promises to give	692,170	(935,864)
Prepaid expenses	(12,776)	(53,312)
Accounts payable and other accrued expenses	(36,229)	107,634
Accrued payroll and related liabilities	75,815	197,873
Deferred consulting income	<u>(1,124,390)</u>	<u>2,177,236</u>
Net cash flows from operating activities	(1,612,424)	2,289,418
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	-	1,045
Purchases of property and equipment	<u>(29,057)</u>	<u>(30,408)</u>
Net cash flows from investing activities	<u>(29,057)</u>	<u>(29,363)</u>
<b>Net change in cash</b>	(1,641,481)	2,260,055
Cash at beginning of year	<u>6,006,468</u>	<u>3,746,413</u>
<b>Cash at end of year</b>	<u><u>\$ 4,364,987</u></u>	<u><u>\$ 6,006,468</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 9	\$ 1,602

See accompanying notes.



**IDINSIGHT, INC.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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IDinsight, Inc. is an international non-governmental organization that helps policymakers and managers make socially impactful decisions using rigorous evidence. IDinsight, Inc.'s core service tailors experimental evaluation methodologies to meet the priorities of policymakers and managers in international development. Other services, such as policy design consulting and scale-up support, complement the evaluation activities to provide comprehensive support for clients who want to maximize their social impact through evidence-based decision-making. IDinsight, Inc.'s vision is to improve millions of lives by transforming how the social sector innovates, learns, and improves.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements include the accounts of IDinsight, Inc., IDinsight India Private Limited, IDinsight Zambia Limited, IDinsight Kenya Private Limited, IDinsight Philippines, IDinsight Senegal, and IDinsight South Africa. IDinsight, Inc. has a majority ownership interest in IDinsight India Private Limited. IDinsight, Inc. has both an economic interest in and control of IDinsight Zambia Limited through a majority voting interest in its governing body. IDinsight, Inc. has a full ownership interest in IDinsight Kenya Private Limited, IDinsight Philippines, IDinsight Senegal and IDinsight South Africa. All material intra-entity transactions have been eliminated.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Accounts Receivable**

IDinsight, Inc. considers all accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Property and Equipment**

Purchases of property and equipment over \$1,000 are capitalized at cost. IDinsight India uses a threshold of INR 5,000 as set by the Companies Act. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

**IDINSIGHT, INC.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

Contributions that are restricted by the donor 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 support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor 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 as net assets released from restrictions.

**Consulting Income and Deferred Consulting Income**

Contracts to perform consulting services are considered exchange transaction and consulting income is recognize to the extent performance is achieved. Receipts in excess of revenue recognized are recorded as deferred consulting income.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, local travel, international travel, office, rent and utilities, equipment and supplies, professional development and training, professional fees, and miscellaneous which are allocated on the bases of estimates of time and effort.

**Income Tax Status**

IDinsight, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Foreign Currency Translation**

IDinsight, Inc.'s functional currency is the U.S. dollar. Assets and liabilities denominated in Indian rupees, Kenyan shillings, Zambian kwacha, West African CFA franc, South African rand, and Philippine piso are remeasured into U.S. dollars. Monetary assets and liabilities are translated using the current exchange rate at the date of the consolidated statements of financial position. Nonmonetary items are translated at historical rates. Revenues and expenses are translated using the average exchange rate for the year. The aggregate translation gain (loss) for 2018 and 2017 was \$97,209 and \$2,931.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

**IDINSIGHT, INC.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Adoption of New Accounting Pronouncement**

IDinsight, Inc. adopted the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provide about expenses and investment return. The changes required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**Date of Management’s Review**

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

NOTE 2—CONCENTRATIONS OF CREDIT RISK

IDinsight, Inc. maintains cash balances in one financial institution located in Wilmington, Delaware and one financial institution located in Richmond, Virginia. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018 and 2017, IDinsight, Inc.’s uninsured cash balances total approximately \$3,340,000 and \$5,100,000 for U.S. operations. IDinsight, Inc. also maintains cash balances in financial institutions located in India, Kenya, Zambia, Senegal, South Africa and the Philippines. The balances at these institutions are not insured. At December 31, 2018 and 2017, IDinsight, Inc.’s uninsured cash balances total \$539,150 and \$404,710 for its operations in India, Kenya, Zambia, Senegal, South Africa and Philippines.

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2018	2017
Receivable in less than one year	\$ 150,000	\$ 702,750
Receivable in one to five years	100,000	250,000
Total unconditional promises to give	250,000	952,750
Less: discount to net present value	4,306	14,886
Unconditional promises to give - net	\$ 245,694	\$ 937,864

Promises to give due in more than one year are discounted using 4.5%, the U.S. prime rate as of the date the promises were made.

**IDINSIGHT, INC.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 85,138	\$ 62,542
Vehicle	<u>8,544</u>	<u>9,417</u>
Property and equipment	93,682	71,959
Accumulated depreciation	<u>36,696</u>	<u>26,739</u>
Property and equipment - net	<u>\$ 56,986</u>	<u>\$ 45,220</u>

NOTE 5—NET ASSETS

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

	<u>2018</u>	<u>2017</u>
Next year's activities	\$ 150,000	\$ 502,750
Africa team expansion	<u>95,694</u>	<u>435,114</u>
Net assets with donor restrictions	<u>\$ 245,694</u>	<u>\$ 937,864</u>

NOTE 6—OPERATING LEASES

IDinsight, Inc. has various operating leases for office space. The leases are generally for two years or less. Rent expense under operating leases for 2018 and 2017 was \$153,751 and \$96,142, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year for the years ending December 31, 2019 and 2020 are \$75,812 and \$6,318, respectively.

NOTE 7—RETIREMENT PLAN

IDinsight, Inc. sponsors a 401(k) plan for employees who have worked for IDinsight for more than one year. Employees are entitled to a 2% match on their salary. Plan contributions for the years ending December 31, 2018 and 2017 were \$89,696 and \$72,249, respectively.

NOTE 8—LIQUIDITY AND AVAILABILITY

The following represents IDinsight's financial assets as of the date of the statement of financial position reduced by amounts that are not available to meet cash needs for general expenditures within one year of the date of the statement of financial position because of contractual or donor-imposed restrictions.

**IDINSIGHT, INC.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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NOTE 8—LIQUIDITY AND AVAILABILITY (continued)

Cash	\$ 4,364,987
Accounts receivable	975,803
Employee and other receivables	48,206
Unconditional promises to give - net	<u>245,694</u>
Financial assets at year-end	5,634,690
Less those unavailable for general expenditures within one year due to:	
Restricted by donor with purpose restrictions	<u>(95,694)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,538,996</u>

IDinsight's cash balances are primarily unrestricted and available to meet future obligations. Due to the nature of the projects, certain payments are received in advance of the related expenditures. These balances are recorded as deferred consulting income, and they ensure resources are available to meet future expenditure needs for these projects. In addition to these resources, IDinsight ensures financial assets are on hand to meet all other obligations as they become due, and plans for sufficient cash to accommodate unexpected events and/or unplanned adjustments in timing of cash flows.