

CONSOLIDATED FINANCIAL STATEMENTS

IDinsight

AND AFFILIATES

**FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2021**

ID INSIGHT, INC. AND AFFILIATES

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ID Insight, Inc. and Affiliates
San Francisco, California

Opinion

We have audited the accompanying consolidated financial statements of ID Insight, Inc. and affiliates (collectively, IDInsight), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of IDInsight as of December 31, 2022, and the consolidated change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of IDInsight and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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.

We did not audit the financial statements of IDinsight India, which statements reflect total assets of \$1,019,405 as of December 31, 2022, and total support and revenues of \$368,106 for the year ended December 31, 2022. 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. 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 consolidated 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 consolidated 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 consolidated 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 IDinsight'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IDinsight'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.

Report on Summarized Comparative Information

We have previously audited IDinsight's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



October 19, 2023

ID INSIGHT, INC. AND AFFILIATES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

ASSETS		<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	7,658,107	\$ 30,869,341
Investments		20,242,240	1,748
Accounts receivable, net of allowance for doubtful accounts in the amount of \$27,868		1,457,795	1,699,610
Employee and other receivables		190,627	113,092
Promises-to-give		6,019,188	2,881,125
Prepaid expenses and deposits		<u>356,675</u>	<u>228,924</u>
Total current assets		<u>35,924,632</u>	<u>35,793,840</u>
PROPERTY AND EQUIPMENT			
Equipment		45,927	51,000
Furniture		76,184	59,494
Computer equipment		445,190	90,381
Vehicles		<u>7,263</u>	<u>7,494</u>
		574,564	208,369
Less: Accumulated depreciation		<u>(84,237)</u>	<u>(68,032)</u>
Net property and equipment		<u>490,327</u>	<u>140,337</u>
NONCURRENT ASSETS			
Right-of-use-asset, net		200,397	-
Promises-to-give, net of current portion and discount in the amount of \$918,090		<u>8,243,479</u>	<u>2,359,197</u>
Total noncurrent assets		<u>8,443,876</u>	<u>2,359,197</u>
TOTAL ASSETS	\$	<u>44,858,835</u>	\$ <u>38,293,374</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and other liabilities	\$	481,947	\$ 650,902
Accrued salaries and related benefits		903,716	689,416
Deferred income		211,280	165,194
Operating lease liability		<u>36,284</u>	<u>-</u>
Total current liabilities		<u>1,633,227</u>	<u>1,505,512</u>
NONCURRENT LIABILITIES			
Operating lease liability, net of current portion		<u>170,087</u>	<u>-</u>
Total liabilities		<u>1,803,314</u>	<u>1,505,512</u>
NET ASSETS			
Without donor restrictions		18,582,798	20,061,892
With donor restrictions		<u>24,472,723</u>	<u>16,725,970</u>
Total net assets		<u>43,055,521</u>	<u>36,787,862</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>44,858,835</u>	\$ <u>38,293,374</u>

See accompanying notes to consolidated financial statements.

ID INSIGHT, INC. AND AFFILIATES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	\$ 2,099,699	\$ 19,075,690	\$ 21,175,389	\$ 24,204,320
Consulting income	3,350,205	-	3,350,205	5,557,175
Investment income, net	240,494	-	240,494	-
Contributed services	29,853	-	29,853	76,355
Other revenue	6,738	-	6,738	87,807
Interest income	78	-	78	558
Net assets released from donor restrictions	<u>11,328,937</u>	<u>(11,328,937)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>17,056,004</u>	<u>7,746,753</u>	<u>24,802,757</u>	<u>29,926,215</u>
EXPENSES				
Program Services	<u>13,987,797</u>	<u>-</u>	<u>13,987,797</u>	<u>9,638,866</u>
Supporting Services:				
Management and General	4,233,163	-	4,233,163	2,646,560
Fundraising	<u>314,138</u>	<u>-</u>	<u>314,138</u>	<u>313,948</u>
Total supporting services	<u>4,547,301</u>	<u>-</u>	<u>4,547,301</u>	<u>2,960,508</u>
Total expenses	<u>18,535,098</u>	<u>-</u>	<u>18,535,098</u>	<u>12,599,374</u>
Change in net assets before other item	(1,479,094)	7,746,753	6,267,659	17,326,841
OTHER ITEM				
Forgiveness of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,727</u>
Change in net assets after other item	(1,479,094)	7,746,753	6,267,659	17,739,568
Net assets at beginning of year	<u>20,061,892</u>	<u>16,725,970</u>	<u>36,787,862</u>	<u>19,048,294</u>
NET ASSETS AT END OF YEAR	<u>\$ 18,582,798</u>	<u>\$ 24,472,723</u>	<u>\$ 43,055,521</u>	<u>\$ 36,787,862</u>

ID INSIGHT, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	2022				2021	
	Supporting Services			Total Supporting Services	Total Expenses	Total Expenses
	Program Services	Management and General	Fundraising			
Personnel	\$ 10,352,377	\$ 2,512,518	\$ 217,165	\$ 2,729,683	\$ 13,082,060	\$ 9,153,015
Subcontracts	1,101,094	70,963	-	70,963	1,172,057	490,587
Professional fees	364,516	516,514	68,000	584,514	949,030	745,868
Office	600,051	523,814	13,860	537,674	1,137,725	1,003,073
Lease and utilities	37,736	207,199	3,518	210,717	248,453	127,268
Local travel	560,667	77,082	2,378	79,460	640,127	259,517
Taxes	260,765	50,270	-	50,270	311,035	379,843
International travel	328,560	104,695	6,418	111,113	439,673	114,363
Equipment and supplies	221,596	148,070	2,187	150,257	371,853	215,349
Professional development and training	137,818	16,055	612	16,667	154,485	50,049
Depreciation	18,905	5,387	-	5,387	24,292	15,521
Miscellaneous	3,712	596	-	596	4,308	44,921
TOTAL	\$ 13,987,797	\$ 4,233,163	\$ 314,138	\$ 4,547,301	\$ 18,535,098	\$ 12,599,374

See accompanying notes to consolidated financial statements.

ID INSIGHT, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,267,659	\$ 17,739,568
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	24,292	15,521
Amortization of right-of-use asset	26,839	-
Change in discount on long-term promises-to-give	898,287	19,803
Change in allowance for bad debt	(3,079)	(89,026)
Forgiveness of debt	-	(412,727)
Decrease (increase) in:		
Accounts receivable	244,894	(47,540)
Employee and other receivables	(77,535)	(86,125)
Promises-to-give	(9,920,632)	3,027,711
Prepaid expenses and deposits	(127,751)	(121,158)
Prepaid taxes and deferred tax asset	-	144,287
(Decrease) increase in:		
Accounts payable and other liabilities	(168,955)	95,167
Accrued salaries and related benefits	214,300	74,528
Deferred income	46,086	(374,836)
Operating lease liability	(20,865)	-
Net cash (used) provided by operating activities	<u>(2,596,460)</u>	<u>19,985,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(374,282)	(85,591)
Purchase of investments	<u>(20,240,492)</u>	<u>(1,748)</u>
Net cash used by investing activities	<u>(20,614,774)</u>	<u>(87,339)</u>
Net (decrease) increase in cash and cash equivalents	(23,211,234)	19,897,834
Cash and cash equivalents at beginning of year	<u>30,869,341</u>	<u>10,971,507</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,658,107</u>	<u>\$ 30,869,341</u>
SCHEDULE OF NONCASH TRANSACTIONS		
Right-of-Use-Asset	<u>\$ 227,236</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use-Asset	<u>\$ 227,236</u>	<u>\$ -</u>

ID INSIGHT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

ID Insight Inc. is an international non-governmental organization that helps policymakers and managers make socially impactful decisions using rigorous evidence. ID Insight, 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. ID Insight, Inc.'s vision is to improve millions of lives by transforming how the social sector innovates, learns, and improves.

IDinsight India Private Limited was incorporated in May 2013 as a Private Limited Company under the Companies Act, 1956. 99.9% of the stock of ID Insight India is owned by ID Insight, Inc. IDinsight India Private Limited focuses on providing consultancy services for charitable and educational purposes and to provide assistance to organizations and institutions which are involved in social work by providing services in areas including program design and data analysis to improve the quality of development programs offered by such organizations and institutions.

IDinsight Kenya Private Limited, was incorporated as a private company limited by shares in February 2016, and is wholly owned by ID Insight, Inc.

IDinsight Zambia Limited was incorporated as a company limited by guarantee in May 2012. The company was registered as an NGO in October 2014 as a non-governmental organization. ID Insight, Inc. and IDinsight Kenya Limited are the corporate members of the company.

IDinsight Senegal was incorporated in Senegal as a simplified joint stock company in August 2017, and is wholly owned by ID Insight, Inc.

IDinsight South Africa is a non-profit company registered in September 2017. As a non-stock company the entity is controlled by its Board of Directors, which consists of employees of ID Insight, Inc.

IDinsight Philippines is a non-stock corporation registered in February 2018. As a non-stock company the entity is controlled by its Board of Directors, which consists of current and former employees of ID Insight, Inc.

IDinsight Morocco was incorporated in May 2021. It is a private company limited by shares, and is 100% owned by ID Insight, Inc.

Principles of consolidation -

The accounts of IDinsight have been consolidated with IDinsight India Private Limited, IDinsight Zambia Limited, IDinsight Kenya Private Limited, IDinsight Philippines, IDinsight Senegal, IDinsight Morocco and IDinsight South Africa (together IDinsight) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. ID Insight, Inc. has a majority ownership interest in IDinsight India Private Limited. ID Insight, Inc. has both an economic interest in and control of IDinsight Zambia Limited, IDinsight Philippines, and IDinsight South Africa through a majority voting interest in its governing body. ID Insight, Inc. has a full ownership interest in IDinsight Kenya Private Limited, IDinsight Morocco and IDinsight Senegal. All intercompany transactions and balances have been eliminated.

ID INSIGHT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

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

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the 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".
- **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 Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with IDinsight's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2022, IDinsight 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 Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements. IDinsight 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 7 for further details.

During the year ended December 31, 2022, IDinsight adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

ID INSIGHT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

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

Cash and cash equivalents -

IDinsight considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers in the amount of \$20,242,240. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, IDinsight maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

IDinsight had approximately \$1,579,200 of cash and cash equivalents held at financial institutions in foreign countries at December 31, 2022. The majority of funds invested in foreign countries are uninsured.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses, if any, are included in investment income, which is presented net of investment expenses (if any) paid to external investment advisors in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. IDinsight's policy is to liquidate all gifts of investments as soon as possible after the gift.

Receivables and unconditional promises-to-give -

Receivables and unconditional promises-to-give are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor or customer. Receivables 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. Conditional promises-to-give are not included as support until the conditions are substantially met.

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 seven years. Depreciation expense for the year ended December 31, 2022 totaled \$24,292.

Income taxes -

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

IDinsight India Private Limited's principal activities are subject to local income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

ID INSIGHT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

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

Income taxes (continued) -

Including intercompany revenue earned on work performed on behalf of IDinsight Inc., the entity earned positive income at the India entity level, and accordingly an income tax provision has been recorded for amounts earned up to December 2022. These will be included in the return filed for the tax year ended March 31, 2023. Amounts previously withheld for TDS (Tax deducted at source) reduce the amount due on filing of the return.

IDinsight Senegal, IDinsight South Africa, IDinsight Kenya Private Limited, IDinsight Morocco and IDinsight Zambia Limited's principal activities are subject to local income tax. Based on the current and past financial performance of the entities, provision for income taxes has been made in the consolidated financial statements for Senegal, Kenya, and Zambia, no provision has been made for South Africa, Philippines & Morocco. In Zambia, the majority of our activity is not taxable, however, income generated from consulting agreements signed directly with the local entity (exchange revenue) is subject to income tax, without regard to the profit or loss of other activities. The income tax liability contains all amounts due at December 31, 2022. Amounts previously withheld at source reduce the amount due on filing of the return.

IDinsight Philippines falls under the classification as defined by Section 30(E) of the Philippines National Internal Revenue Code, as amended, as one "organized and operated exclusively for religious, charitable, scientific, athletic, or cultural purposes, or for the rehabilitation of veterans, no part of its net income or asset shall belong to or inure to the benefit of any member, organizer, officer or any specific person." As such, IDinsight Philippines is not subject to the corporate income tax since all the income of IDinsight Philippines is devoted for its purpose/s and no part of its net income accrues to or benefits any member or specific person.

Uncertain tax positions -

For the year ended December 31, 2022, IDinsight 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 consolidated financial statements.

Grants and contributions -

The majority of IDinsight's activities are supported by grants and contributions from various organizations. These awards are for various activities performed by IDinsight. Grants and contributions are recognized in the appropriate category of net assets in the period received. IDinsight performs an analysis of the individual grant and contribution 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 grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions 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.

ID INSIGHT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Grants and contributions (continued) -

Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Contributions or grants qualifying as conditional contributions contain a right of return from obligation provision that limits IDinsight 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.

Most grant awards from government 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. IDinsight recognizes revenue for these conditional contributions when the related barrier has been overcome. Funds received in advance of the satisfaction of conditions are recorded as refundable advances. For contributions and grants treated as conditional contributions, IDinsight had approximately \$1,400,000 in unrecognized awards as of December 31, 2022.

Consulting income -

Certain grants are classified as 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. IDinsight has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue. Of the total grants, approximately 14% were considered exchange transactions for the year ended December 31, 2022, and are included in Consulting Income.

Contributed services -

Contributed services consist of pro-bono legal services. Contributed services are recorded at their fair value as of the date of the gift. See note 6 for additional details.

Foreign currency translation -

The U.S. Dollar is the functional currency for IDinsight'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 Consolidated Statement of Financial Position.

Use of estimates -

The preparation of the consolidated 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 consolidated 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 Consolidated Statement of Activities and Change in Net Assets.

ID INSIGHT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Functional allocation of expenses (continued) -

Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of IDinsight are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of time and effort.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. There has been no net asset impact as a result of the reclassifications.

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 IDinsight 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.

IDinsight 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 consolidated financial statements.

2. **INVESTMENTS**

Investments consisted of the following as of December 31, 2022:

	<u>Fair Value</u>
Money Market Funds	\$ <u>20,242,240</u>

Included in investment income, net is the following:

Interest and Dividends	\$ <u>240,494</u>
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In accordance with FASB ASC 820, *Fair Value Measurement*, IDinsight has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market IDinsight has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

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2. INVESTMENTS (Continued)

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

Money Market Funds - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded and therefore are classified as level 1 investments.

3. UNCONDITIONAL PROMISES-TO-GIVE

As of December 31, 2022, contributors to IDinsight have made unconditional written promises-to-give, of which \$15,180,757, remained due and outstanding. Amounts due beyond one year of the Consolidated Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate ranging from 5.5% - 17.36%.

Following is a schedule of amounts due, by year, as of December 31, 2022:

Less than one year	\$ 6,019,188
One to five years	<u>9,161,569</u>
 Total	 15,180,757
Less: Allowance to discount balance to present value	<u>(918,090)</u>
 TOTAL UNCONDITIONAL PROMISES-TO-GIVE	 <u>\$ 14,262,667</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to expenditure for specified purpose:	
Project support	\$ 22,807,470
Time	1,132,020
BMGF - AgResults	<u>533,233</u>
 NET ASSETS WITH DONOR RESTRICTIONS	 <u>\$ 24,472,723</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:

Purpose restrictions accomplished:	
Project support	\$ 10,825,650
BMGF - AgResults	403,287
Timing restrictions accomplished	<u>100,000</u>
 NET ASSETS RELEASED FROM DONOR RESTRICTIONS	 <u>\$ 11,328,937</u>

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5. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 7,658,107
Investments	20,242,240
Accounts receivable, net	1,457,795
Employee and other receivables	190,627
Promises-to-give, current	<u>6,019,188</u>
Subtotal financial assets available within one year	35,567,957
Less: Donor restricted funds	<u>(14,604,134)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 20,963,823</u>

IDinsight has a policy to ensure financial assets are on hand to meet all obligations as they become due, and plans for sufficient cash to accommodate unexpected events and/or unplanned adjustments in timing of cash flows.

6. CONTRIBUTED SERVICES

During the year ended December 31, 2022, IDinsight was the beneficiary of contributed services which allowed IDinsight to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributed services during the year ended December 31, 2022. Donated legal services are valued based on the attorney's standard hourly rate multiplied by the number of hours donated.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2022.

Donated Legal Services	<u>\$ 29,853</u>
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The following program has benefited from these donated services:

Management and General	<u>\$ 29,853</u>
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7. LEASE COMMITMENTS

IDinsight has various operating leases for office space. The leases are generally for one year or less. In May 2022, IDinsight entered into a lease agreement in Kenya which commenced in May 2022 and is through August 2027. Base rent is KES 450,000 (\$3,870) per month, increasing by a factor of 5% each year.

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 Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements.

ID INSIGHT, INC. AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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7. LEASE COMMITMENTS (Continued)

IDinsight elected 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. IDinsight also 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. IDinsight 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, IDinsight recorded a right-of-use asset in the amount of \$227,236 and an operating lease liability in the amount of \$227,236 by calculating the present value using the discount rate of 5%.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,

2023	\$ 45,204
2024	47,464
2025	49,838
2026	52,329
2027	<u>35,449</u>
Sub-Total	230,284
Less: Imputed interest	(23,913)
Less: Current portion	<u>(36,284)</u>
LONG-TERM PORTION	<u>\$ 170,087</u>

Lease expense for the year ended December 31, 2022 was \$208,656, and is included in Lease and utilities expense on the accompanying Consolidated Statement of Functional Expenses.

8. RETIREMENT PLAN

ID Insight, Inc. sponsors a 401(k) Plan (the Plan) for employees who have worked for ID Insight, Inc. for more than one year. Employees are entitled to a 2% match on their salary. Contributions to the Plan during the year ended December 31, 2022 totaled \$47,783 and are included in personnel expense in the Consolidated Statement of Functional Expenses.

IDinsight India Private Limited makes contributions to the Employee Provident Fund (EPF) of 6-10% of the gross pay to a defined contribution Plan. Payroll deductions of an equivalent amount are made and submitted monthly to the EPF Authority. Obligations for contributions to the defined contribution Plan are recognized in the period during which the related services are rendered by employees. Contributions during the year ended December 31, 2022 were \$190,935 and are included in personnel expense in the Consolidated Statement of Functional Expenses.

IDinsight India Private Limited is required to pay a gratuity under The Payment of Gratuity Act 1972. The liability for gratuity is determined by an independent actuary at each balance sheet date and actuarial gains/losses are charged to the profit and loss account. The actuarial estimate as of December 31, 2022, was accrued and is included in personnel expenses on the Consolidated Statement of Functional Expenses. During the year ended December 31, 2022, expenses of \$5,914 were included in personnel expenses in the Consolidated Statement of Functional Expenses.

ID INSIGHT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

8. RETIREMENT PLAN (Continued)

IDinsight Kenya Private Limited makes contributions to the National Social Security Fund of approximately \$10 per month per employee, which is dealt with as a defined contribution Plan. An equivalent amount is contributed from employee salaries. Obligations for contributions to the defined contribution Plan are recognized in the period during which employees render the related services. Contributions during the year ended December 31, 2022, were \$4,098 and are included in personnel expenses on the Consolidated Statement of Functional Expenses. IDinsight Kenya makes an additional 100% match of optional retirement or pension plan contributions up to 2% of salary at the beginning of the second year of employment with IDinsight. Contributions during the year ended December 31, 2022 were \$6,083 and are included in personnel expense in the Consolidated Statement of Functional Expenses.

IDinsight Zambia Limited makes contributions to the Zambia National Pension Scheme Authority of 5% (up to a cap) which are dealt with as a defined contribution Plan. Deductions are made from all Zambian employees under 55 years old and submitted to the Authority. Obligations for contributions to the defined contribution Plan are recognized in the period during which employees render the related services. Contributions during the year ended December 31, 2022 were \$13,206 and are included in personnel expense in the Consolidated Statement of Functional Expenses.

IDinsight Senegal makes contributions to the Institution de Prévoyance Retraite du Sénégal (IPRES) of 5.6% of gross salary per month subject to a cap, towards a defined contribution Plan. An amount of 8.4% of gross salary subject to a cap is deducted from employees. Obligations for contributions to the defined contribution Plan are recognized in the period during which employees render the related services. Contributions during the year ended December 31, 2022 were \$11,576 and are included in personnel expense on the Consolidated Statement of Functional Expenses. IDinsight Senegal is required to make an additional provision for retirement indemnity (PIDR) according to the disposition of the uniform act, for employees who have completed 2 years with the organization. During the year ended December 31, 2022, expenses of \$1,813 were included in personnel expenses in the Consolidated Statement of Functional Expenses.

IDinsight Philippines makes contributions to the Social Security System (SSS) of 8.15% of gross salary up to a cap, towards a defined contribution Plan. An amount of 4% of gross salary subject to a cap is deducted from employees. Obligations for contributions to the defined contribution Plan are recognized in the period during which the related services are rendered by employees. Contributions during the year ended December 31, 2022, were \$7,192 and are included in personnel expenses on the Consolidated Statement of Functional Expenses. IDinsight Philippines makes an additional 100% match of optional retirement or pension plan contributions up to 2% of salary starting at the beginning of the second year of employment with IDinsight. Contributions during the year ended December 31, 2022 were \$2,162 and are included in personnel expense in the Consolidated Statement of Functional Expenses.

IDinsight Morocco makes contributions to the National Social Security Fund (CNSS) of 8.98% of gross salary up to a cap, towards a defined contribution Plan. An amount of 4.48% of gross salary subject to a cap is deducted from employees. Obligations for contributions to the defined contribution Plan are recognized in the period during which employees render the related services. Contributions during the year ended December 31, 2022, were \$27,497 and are included in personnel expenses on the Consolidated Statement of Functional Expenses. IDinsight makes an additional 100% match of retirement or pension plan contributions up to 2% of salary at the beginning of the second year of employment with IDinsight. Contributions during the year ended December 31, 2022, were \$3,758 and are included in personnel expenses in the Consolidated Statement of Functional Expenses.

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9. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, IDinsight has evaluated events and transactions for potential recognition or disclosure through October 19, 2023, the date the consolidated financial statements were issued.