

***THE INITIATIVE FOR GLOBAL DEVELOPMENT***

Financial Statements with  
Independent Auditors' Report

December 31, 2009

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***Independent Auditors' Report******Board of Directors  
The Initiative for Global Development  
Seattle, Washington***Certified Public  
Accountants  
and Consultants

We have audited the accompanying statement of financial position of The Initiative for Global Development (IGD) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of IGD's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from IGD's December 31, 2008, financial statements and, in our report dated June 17, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IGD as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements of IGD taken as a whole. The statement of functional expenses for the year ended December 31, 2009, is presented for additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants  
May 21, 2010

**THE INITIATIVE FOR GLOBAL DEVELOPMENT**

**Statement of Financial Position**

**December 31, 2009**

**(With Comparative Totals for 2008)**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 374,601	\$ 380,283
Pledges receivable, current portion	229,000	398,368
Grants receivable, current portion	745,000	195,000
Prepaid expenses	33,786	23,012
<b>Total Current Assets</b>	<b>1,382,387</b>	<b>996,663</b>
Pledges receivable, net of current portion	2,487	211,185
Grants receivable, net of current portion	497,421	19,400
Software and equipment, net	31,321	37,105
<b>Total Assets</b>	<b><u>\$ 1,913,616</u></b>	<b><u>\$ 1,264,353</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Line of credit	\$ 35,000	\$ -
Accounts payable	36,373	38,433
Accrued expenses	73,900	29,114
<b>Total Liabilities</b>	<b>145,273</b>	<b>67,547</b>
<b>Net Assets:</b>		
Unrestricted	181,541	286,116
Temporarily restricted	1,586,802	910,690
<b>Total Net Assets</b>	<b>1,768,343</b>	<b>1,196,806</b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,913,616</u></b>	<b><u>\$ 1,264,353</u></b>

*The accompanying notes are an integral part of the financial statements.*

***THE INITIATIVE FOR GLOBAL DEVELOPMENT***

***Statement of Activities***

***For the Year Ended December 31, 2009***

***(With Comparative Totals for 2008)***

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
<b>Support and Revenue:</b>				
Contributions	\$ 1,016,358	\$ 1,317,815	\$ 2,334,173	\$ 1,366,782
In-kind contributions	49,386		49,386	40,380
Registration fees	44,440		44,440	1,330
Interest and dividends	1,691		1,691	7,323
Net assets released from restrictions	641,703	(641,703)		
<b>Total Support and Revenue</b>	<b>1,753,578</b>	<b>676,112</b>	<b>2,429,690</b>	<b>1,415,815</b>
<b>Expenses:</b>				
Program	1,488,514		1,488,514	991,128
Management and general	204,505		204,505	113,394
Fundraising	165,134		165,134	159,365
<b>Total Expenses</b>	<b>1,858,153</b>		<b>1,858,153</b>	<b>1,263,887</b>
Change in Net Assets	<b>(104,575)</b>	<b>676,112</b>	<b>571,537</b>	<b>151,928</b>
Net Assets, beginning of year	286,116	910,690	1,196,806	1,044,878
<b>Net Assets, End of Year</b>	<b>\$ 181,541</b>	<b>\$ 1,586,802</b>	<b>\$ 1,768,343</b>	<b>\$ 1,196,806</b>

*The accompanying notes are an integral part of the financial statements.*

**THE INITIATIVE FOR GLOBAL DEVELOPMENT**

**Statement of Cash Flows**  
**For the Year Ended December 31, 2009**  
**(With Comparative Totals for 2008)**

	<u>2009</u>	<u>2008</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 571,537	\$ 151,928
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,546	9,666
Donation of software	(4,846)	(4,687)
Changes in assets and liabilities:		
Pledges receivable	378,066	(506,912)
Grants receivable	(1,028,021)	479,830
Prepaid expenses	(10,774)	(20,882)
Accounts payable	(2,060)	28,219
Accrued expenses	44,786	14,070
<b>Net Cash Flows (Used) Provided by Operating Activities</b>	<b><u>(32,766)</u></b>	<b><u>151,232</u></b>
<b>Cash Flows from Investment Activities:</b>		
Purchases of software and equipment	<u>(7,916)</u>	<u>(19,191)</u>
<b>Net Cash Flows Used by Investment Activities</b>	<b><u>(7,916)</u></b>	<b><u>(19,191)</u></b>
<b>Cash Flows from Financing Activities:</b>		
Net change in line of credit	<u>35,000</u>	
<b>Net Cash Flows Provided by Financing Activities</b>	<b><u>35,000</u></b>	
<b>Change in Cash and Cash Equivalents</b>	<b>(5,682)</b>	<b>132,041</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>380,283</u>	<u>248,242</u>
<b>End of Year</b>	<b><u>\$ 374,601</u></b>	<b><u>\$ 380,283</u></b>
<b>Supplemental Information</b>		
Cash paid for interest	\$ 2,197	\$ -
Donation of software	\$ 4,846	\$ 4,687

*The accompanying notes are an integral part of the financial statements.*

## ***THE INITIATIVE FOR GLOBAL DEVELOPMENT***

### ***Notes to Financial Statements***

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#### ***Note 1 - Organization and Significant Accounting Policies***

**Organization** - The Initiative for Global Development (IGD) is a national alliance of business leaders that champions effective solutions to global poverty. IGD advocates for U.S. leadership and effective policies and promotes innovative private sector solutions to expand economic opportunity and reduce poverty. IGD began its operations on January 1, 2007.

**Basis of Presentation** - IGD's financial statements have been prepared on the accrual basis of accounting. IGD classifies net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are reported as follows:

Unrestricted Net Assets - Unrestricted net assets include net assets on which there are no donor-imposed restrictions for use, or on which donor-imposed restrictions were temporary and have expired.

Temporarily Restricted Net Assets - Temporarily restricted net assets include all net assets received by donations under which the donors imposed some restriction on use. Such restrictions are time or purpose dependent and will expire when IGD makes use of the net assets for the restricted purpose.

Permanently Restricted Net Assets - Permanently restricted net assets include net assets received by donations wherein donors imposed a permanent restriction on the use of the gift. IGD had no permanently restricted net assets as of December 31, 2009 and 2008.

Revenues are reported as increases in unrestricted net assets unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Donor-imposed restrictions that are met in the same reporting period are classified as increases in unrestricted net assets.

**Cash and Cash Equivalents** - IGD considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. IGD maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. IGD has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Pledges and Grants Receivable** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value. The discounts on these amounts are computed using discount rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue and support. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give at December 31, 2009 and 2008.

## ***THE INITIATIVE FOR GLOBAL DEVELOPMENT***

### ***Notes to Financial Statements***

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#### ***Note 1 - Continued***

**Software and Equipment** - IGD capitalizes assets with a cost greater than \$300 and an estimated useful life of three years or greater. Purchased property is carried at cost. Donated property is recorded at market value when received. Depreciation is computed using the straight-line method based on an estimated useful life of three years.

**Federal Income Tax** - The IRS has determined that IGD is exempt from federal income tax under Internal Revenue Code Section 501(c)(3); accordingly, no provision has been made for federal income tax in the accompanying financial statements.

**In-kind Contributions** - Donated materials, software and equipment are recorded at fair value when received. A substantial number of corporations and volunteers have donated significant amounts of time and services in IGD's operations. Such contributed services and the related expenses are only recorded in the accounts to the extent that specific professional expertise is provided or a capitalized asset is constructed, in accordance with generally accepted accounting principles.

Donated goods and services consisted of the following for the years ended December 31:

	<u>2009</u>	<u>2008</u>
Donated rent	\$ 13,500	\$ 19,653
Donated software and fees	15,886	15,727
Donated airline vouchers	20,000	
Donated services		<u>5,000</u>
<b>Total Donated Goods and Services</b>	<b><u>\$ 49,386</u></b>	<b><u>\$ 40,380</u></b>

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

**Vulnerability from Certain Concentrations** - At December 31, 2009, 81% of IGD's total outstanding pledges and grants receivable balance was due from two donors. These two donors accounted for 82% of total support and revenue for the year ended December 31, 2009. On a cash basis, these two donors accounted for 45% of total support and revenue for the year ended December 31, 2009. At December 31, 2008, 54% of IGD's total outstanding pledges and grants receivable balance was due from three donors. Two donors accounted for 32% of total support and revenue for the year ended December 31, 2008. Management is aware of the vulnerabilities from these concentrations but does not anticipate any losses.

**Allocation of Functional Expenses** - The costs of providing various program and other activities have been summarized on a functional basis on the statements of activities. Certain costs have been allocated among the program and supporting services benefited.

## ***THE INITIATIVE FOR GLOBAL DEVELOPMENT***

### ***Notes to Financial Statements***

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#### ***Note 1 - Continued***

**Summarized Information for 2008** - The 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 IGD's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

**Reclassifications** - Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation. Such reclassifications had no effect on the change in net assets or net asset balances as previously reported.

**Subsequent Events** - IGD has evaluated subsequent events through May 21, 2010, the date on which the financial statements were available to be issued.

#### ***Note 2 - Pledges and Grants Receivable***

Pledges and grants receivable are initially recorded at fair value based upon the expected future cash flows of the receivables. A corresponding discount is recorded to reduce the expected cash flow to present value. These unconditional promises to give are to be received by IGD in future years.

Pledges and grants receivable at December 31, 2009, are due as follows:

<i>Years Ending December 31,</i>	<i>Pledges Receivable</i>	<i>Grants Receivable</i>	<i>Total</i>
2010	\$ 229,000	\$ 745,000	\$ 974,000
2011	<u>2,500</u>	<u>499,921</u>	<u>502,421</u>
Total pledges and grants receivable	231,500	1,244,921	1,476,421
Less present value discount at 0.5%	<u>(13)</u>	<u>(2,500)</u>	<u>(2,513)</u>
	<b><u>\$ 231,487</u></b>	<b><u>\$ 1,242,421</u></b>	<b><u>\$ 1,473,908</u></b>

## ***THE INITIATIVE FOR GLOBAL DEVELOPMENT***

### ***Notes to Financial Statements***

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#### ***Note 3 - Software and Equipment***

Software and equipment consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Computer equipment	\$ 21,784	\$ 13,868
Computer software	<u>40,006</u>	<u>35,160</u>
Total fixed assets	61,790	49,028
Less accumulated depreciation	<u>(30,469)</u>	<u>(11,923)</u>
<b>Total Software and Equipment</b>	<b><u>\$ 31,321</u></b>	<b><u>\$ 37,105</u></b>

Depreciation expense for the years ended December 31, 2009 and 2008, totaled \$18,546 and \$9,666, respectively.

#### ***Note 4 - Line of Credit***

On September 25, 2009, IGD took out a line of credit with a borrowing maximum of \$100,000. The line accrues interest at the bank's prime rate plus 3.00% (6.25% at December 31, 2009) and expires on September 25, 2010. At December 31, 2009, the outstanding balance totaled \$35,000. The line of credit is secured by all software and equipment and all receivable balances.

#### ***Note 5 - Related Party Transactions***

For the years ended December 31, 2009 and 2008, IGD received \$75,000 and \$693,500, respectively, in contributions from corporate officers and its board members. As of December 31, 2009 and 2008, \$214,000 and \$411,000, respectively, in pledges receivable were outstanding from corporate officers and board members.

#### ***Note 6 - Leases***

IGD leases furnished office space under a non-cancelable lease agreement expiring on April 30, 2010. The lease requires monthly payments of \$4,800 per month increasing to \$5,164 per month through the end of the lease term.

In addition, IGD entered into a three year lease for a copier expiring December 31, 2010. Monthly payments related to the lease are \$215 per month.

Future minimum rental payments required under the above operating leases as of December 31, 2009, totaled \$25,646 through April 30, 2010.

Rent expense totaled \$93,118 and \$84,108 for the years ended December 31, 2009 and 2008, respectively.

Subsequent to year end IGD renewed the office space lease to April 30, 2011. The new agreement requires monthly payments of \$2,403 per month increasing to \$5,564 per month through the end of the lease term.

**THE INITIATIVE FOR GLOBAL DEVELOPMENT**

**Notes to Financial Statements**

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**Note 7 - Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31 were available as follows:

	<u>2009</u>	<u>2008</u>
Time restricted	\$ 1,473,908	\$ 823,953
Programs for Enterprise Growth	<u>112,894</u>	<u>86,737</u>
	<b><u>\$ 1,586,802</u></b>	<b><u>\$ 910,690</u></b>

**Note 8 - Retirement Plan**

IGD adopted a 401(k) retirement plan which is available to all eligible employees. IGD makes a matching contribution equal to 25% of the deferred participant contributions not to exceed 6% of the participant's compensation. During the years ended December 31, 2009 and 2008, IGD contributed \$5,119 and \$4,903, respectively, to the plan.

***SUPPLEMENTAL SCHEDULE***

**THE INITIATIVE FOR GLOBAL DEVELOPMENT**

**Statement of Functional Expenses  
Year Ended December 31, 2009  
(With Comparative Totals for 2008)**

	<u>Supporting Services</u>			<i>Total</i> <i>Supporting</i> <i>Services</i>	<i>2009</i> <i>Total</i>	<i>2008</i> <i>Total</i>
	<i>Program</i>	<i>Management</i> <i>&amp; General</i>	<i>Fundraising</i>			
Salary, benefits, and payroll tax	\$ 699,026	\$ 160,808	\$ 138,892	\$ 299,700	\$ 998,726	\$ 776,304
Professional fees	3,660	18,017	3,366	21,383	25,043	45,588
Rent and utilities	68,707	13,098	11,313	24,411	93,118	84,108
Telephone and technology	20,276	3,734	3,375	7,109	27,385	29,568
Postage and shipping	1,917	49	42	91	2,008	3,680
Office supplies	10,727	759	655	1,414	12,141	8,555
Office equipment and depreciation	16,387	3,770	3,256	7,026	23,413	15,399
Board costs	4,735	1,159	1,001	2,160	6,895	6,452
Insurance	7,313	1,682	1,453	3,135	10,448	9,558
Other general office costs	6,940	935	807	1,742	8,682	5,987
Travel	67,332		127	127	67,459	45,624
Contract services	452,094	19	92	111	452,205	209,637
Promotion	110,042	121	449	570	110,612	21,295
Printing and reproduction	17,821				17,821	2,132
Interest expense	1,537	354	306	660	2,197	
<b>Total Expenses</b>	<b>\$ 1,488,514</b>	<b>\$ 204,505</b>	<b>\$ 165,134</b>	<b>\$ 369,639</b>	<b>\$ 1,858,153</b>	<b>\$ 1,263,887</b>

See independent auditors' report.