

**FINANCIAL STATEMENTS**



**INTERNATIONAL INITIATIVE FOR  
IMPACT EVALUATION, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2017**

**INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2018, with Summarized Financial Information for 2017	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2018, with Summarized Financial Information for 2017	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2018, with Summarized Financial Information for 2017	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2018, with Summarized Financial Information for 2017	7
NOTES TO FINANCIAL STATEMENTS	8 - 15

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
International Initiative for Impact Evaluation, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of the International Initiative for Impact Evaluation, Inc. (3ie), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 3ie as of December 31, 2018, and the 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.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814  
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

### **Report on Summarized Comparative Information**

We have previously audited 3ie's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Friedman*

April 11, 2019

## INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 37,994,010	\$ 38,851,438
Accounts receivable	31,835	21,633
Grants receivable	7,072,015	18,724,347
Prepaid expenses	4,692	17,359
Total current assets	45,102,552	57,614,777
<b>FIXED ASSETS</b>		
Furniture and equipment	19,241	19,241
Computer software	160,492	160,492
Leasehold improvements	151,545	151,545
	331,278	331,278
Less: Accumulated depreciation and amortization	(232,931)	(209,024)
Net fixed assets	98,347	122,254
<b>NONCURRENT ASSETS</b>		
Deposits	132,987	118,099
Grants receivable, net of current portion and present value discount	8,562,024	6,862,743
Total noncurrent assets	8,695,011	6,980,842
<b>TOTAL ASSETS</b>	<b>\$ 53,895,910</b>	<b>\$ 64,717,873</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 795,706	\$ 897,046
Grants payable	1,352,179	282,903
Refundable advances	75,303	112,968
Total current liabilities	2,223,188	1,292,917
<b>NET ASSETS</b>		
Without donor restrictions	27,720,918	27,749,552
With donor restrictions	23,951,804	35,675,404
Total net assets	51,672,722	63,424,956
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 53,895,910</b>	<b>\$ 64,717,873</b>

See accompanying notes to financial statements.

## INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grants and contributions	\$ 257,197	\$ 5,859,356	\$ 6,116,553	\$ 6,758,449
Interest income	202,137	107,388	309,525	216,333
Service income and other	323,349	-	323,349	171,627
Net assets released from donor restrictions	<u>17,168,124</u>	<u>(17,168,124)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>17,950,807</u>	<u>(11,201,380)</u>	<u>6,749,427</u>	<u>7,146,409</u>
<b>EXPENSES</b>				
Program Services	15,120,199	-	15,120,199	18,366,888
General and Administrative	<u>2,859,242</u>	<u>-</u>	<u>2,859,242</u>	<u>3,142,225</u>
Total expenses	<u>17,979,441</u>	<u>-</u>	<u>17,979,441</u>	<u>21,509,113</u>
Change in net assets before other item	<u>(28,634)</u>	<u>(11,201,380)</u>	<u>(11,230,014)</u>	<u>(14,362,704)</u>
<b>OTHER ITEM</b>				
Exchange rate (loss) gain	<u>-</u>	<u>(522,220)</u>	<u>(522,220)</u>	<u>1,386,729</u>
Change in net assets	(28,634)	(11,723,600)	(11,752,234)	(12,975,975)
Net assets at beginning of year	<u>27,749,552</u>	<u>35,675,404</u>	<u>63,424,956</u>	<u>76,400,931</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 27,720,918</u></b>	<b><u>\$ 23,951,804</u></b>	<b><u>\$ 51,672,722</u></b>	<b><u>\$ 63,424,956</u></b>

## INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017
	Program Services	General and Administrative	Total Expenses	Total Expenses
Salaries and benefits	\$ 2,455,065	\$ 1,505,291	\$ 3,960,356	\$ 4,127,240
Occupancy and office expenses	9,422	422,224	431,646	430,738
Professional fees	1,340,852	427,218	1,768,070	1,390,912
Honorarium	-	32,000	32,000	39,000
Grant expenses	10,675,915	-	10,675,915	14,175,558
Conference and meeting expenses	136,305	9,579	145,884	172,459
Travel	370,734	268,333	639,067	827,585
Financial fees	399	18,323	18,722	19,442
Recruitment fees	180	4,215	4,395	27,612
Depreciation and amortization	-	23,907	23,907	31,582
Equipment	8,883	94,939	103,822	104,083
Miscellaneous	122,444	53,213	175,657	162,902
<b>TOTAL</b>	<b>\$ 15,120,199</b>	<b>\$ 2,859,242</b>	<b>\$ 17,979,441</b>	<b>\$ 21,509,113</b>

## INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (11,752,234)	\$ (12,975,975)
Adjustments to reconcile change in net assets to net cash used (provided) by operating activities:		
Depreciation and amortization	23,907	31,582
Discount on noncurrent grants receivable	31,106	(515,376)
Exchange rate loss (gain)	522,220	(1,386,729)
(Increase) decrease in:		
Accounts receivable	(10,202)	35,652
Grants receivable	9,399,725	16,473,514
Prepaid expenses	12,667	52,218
Deposits	(14,888)	35
Increase (decrease) in:		
Accounts payable and accrued liabilities	(101,340)	284,109
Grants payable	1,069,276	(845,801)
Refundable advances	<u>(37,665)</u>	<u>(286,450)</u>
Net cash (used) provided by operating activities	<u>(857,428)</u>	<u>866,779</u>
Net (decrease) increase in cash and cash equivalents	(857,428)	866,779
Cash and cash equivalents at beginning of year	<u>38,851,438</u>	<u>37,984,659</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 37,994,010</u></b>	<b><u>\$ 38,851,438</u></b>



**INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The International Initiative for Impact Evaluation, Inc. (3ie) is a non-profit organization, incorporated in 2008 in the State of Delaware and located in Washington, D.C., with offices in India and the United Kingdom. 3ie's mission is to increase development effectiveness through better use of evidence in developing countries.

Basis of presentation -

The accompanying 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*. The ASU was adopted for the year ended December 31, 2018 and applied retrospectively.

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 3ie's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Cash and cash equivalents -

3ie considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, 3ie maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal. At December 31, 2018, the value of uninsured cash held in banks was approximately \$37,360,000. During 2018, 3ie recognized interest income (from all bank accounts), with and without restrictions, totaling \$309,525.

Grants and accounts receivable -

Grants and accounts receivable that are expected to be collected within one year are recorded at their net realizable value, which approximates fair value. Grants and accounts receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of the future cash flows. The discount on these amounts are computed using risk-adjusted interest rates applicable to the years in which the grants are received; amortization of the discounts are included in grants and contributions revenue. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets acquisitions in excess of \$2,500 are capitalized and stated at cost. Furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three years. Computer software is amortized on a straight-line basis over the estimated useful lives of the related assets, generally three years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2018 totaled \$23,907.

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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

Income taxes -

3ie is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Beginning with January 1, 2018, 3ie is subject to unrelated business income taxes on qualified transportation fringe benefits provided to its employees. The amount of tax for the year ended December 31, 2018 is immaterial, accordingly, no provision for income taxes has been made in the accompanying financial statements. 3ie is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2018, 3ie 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.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) 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 accompanying Statement of Activities and Change in Net Assets as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Grants and contributions -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with 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 recognized as revenue in excess of expenses incurred are presented as "net assets with donor restriction" in the accompanying financial statements.

**INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

Grants and contributions (continued) -

3ie receives funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors 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 grants are recorded as "without donor restrictions" to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. A portion of grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

3ie receives revenue under contractual agreements which are treated as exchange transactions in the accompanying Statement of Activities and Change in Net Assets as "Service income". Service income is recorded as unrestricted when earned, and any funds received in advance of satisfying 3ie's obligations is recorded as a refundable advance liability in the accompanying Statement of Financial Position.

Foreign currency translation -

The U.S. Dollar is the functional currency for 3ie operations. Transactions in currencies other than U.S. Dollars are translated into U.S. dollars at the rate of exchange in effect during the month of the transaction.

Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Statement of Financial Position. The net exchange loss resulting from the translation of 3ie's assets and liabilities (primarily from grants receivable from a single foreign funding agency) as of December 31, 2018 totaled \$522,220, and has been reported as an "Other Item" in the accompanying Statement of Activities and Change in Net Assets.

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 accompanying Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a basis of time and effort (such as salaries and benefits) as well as square footage (such as depreciation, office and occupancy) or other reasonable basis.

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under accounting principles generally accepted in the United States of America (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The effective date of ASU 2016-14 is for fiscal years beginning after December 15, 2018.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. 3ie has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

3ie plans to adopt the new ASUs at the respective required implementation dates.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of Accounting Standards Update 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of December 31, 2017 as unrestricted net assets in the amount of \$27,749,552 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of \$35,675,404 are now classified as "net assets with donor restrictions".

2. **GRANTS RECEIVABLE**

As of December 31, 2018, contributors to 3ie have made written promises to give of which \$16,145,476 has yet to be collected. Grants due in more than one year have been recorded at the present value of the estimated cash flows using effective interest rates between 3.25% to 5.50%.

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

2. GRANTS RECEIVABLE (Continued)

Following is a schedule of estimated collections as of December 31, 2018:

Less than one year	\$ 7,072,015
One to five years	<u>9,073,461</u>
Total	16,145,476
Less: Discount to present value	<u>(511,437)</u>
<b>NET GRANTS RECEIVABLE</b>	<b><u>\$ 15,634,039</u></b>

3. GRANT COMMITMENTS

Grants not yet authorized for payment to 3ie's grantees (due to timing and conditions of the grant awards) have not been expensed or accrued as liabilities in the accompanying financial statements. Grants will be expensed and paid as deliverables are met. Grant terms vary, and payments are scheduled at various times through calendar year 2023. Grants authorized (and expensed) during the year ended December 31, 2018 totaled \$10,675,915. As of December 31, 2018, 3ie had outstanding grants payable aggregating \$1,352,179.

The following is a summary of commitments (not recorded as expense and a liability in the accompanying financial statements) and estimated years of award (and payment) as of December 31, 2018:

Year Ending December 31,

2019	\$ 10,587,937
2020	1,633,507
2021	383,047
2022	92,476
2023	<u>132,670</u>
	<b><u>\$ 12,829,637</u></b>

4. CONCENTRATION OF GRANTS RECEIVABLE

Approximately 96% of 3ie's grants receivable balance as of December 31, 2018 was due (under multi-year awards) from three major donors. 3ie has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect 3ie's ability to finance ongoing operations.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2018:

<b>Subject to Expenditure for Specified Purpose</b>	<b><u>\$ 23,951,804</u></b>
---	-----------------------------

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

5. 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:

Purpose restrictions accomplished	\$ 13,898,954
Timing restrictions accomplished	<u>3,269,170</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 17,168,124</u></b>

6. LIQUIDITY AND AVAILABILITY

3ie regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. 3ie's financial assets available for use within one year of the Statement of Financial Position at December 31, 2018 are comprised of the following:

Cash and cash equivalents	\$ 37,994,010
Accounts receivable	31,835
Grants receivable - current portion	<u>7,072,015</u>
Total financial assets available within one year	45,097,860
Less:	
Amounts unavailable for general expenditures within one year due to donor purpose restriction - current portion of net assets with donor restrictions	(15,389,780)
Current liabilities for committed grants and other liabilities	<u>(2,223,188)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 27,484,892</u></b>

3ie has various sources of liquidity at its disposal which are available for general expenditures, liabilities, and other obligations as they come due.

7. LEASE COMMITMENTS

In October 2015, 3ie signed a 40-month lease agreement for office space located in Washington, D.C., expiring on June 30, 2019 (extended from March 31, 2019 to June 30, 2019 during 2018). The monthly rental payments total \$10,906, with an annual increase of 3%.

In September 2014, 3ie entered into a nine-year lease for office space in New Delhi, India with an option to terminate after every three years with no penalty. The monthly rental payments total \$11,064, with an increase of 15% every three years.

3ie leases space from the London School of Hygiene & Tropical Medicine (LSHTM) for its activities in London on a month-to-month basis.

**INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**7. LEASE COMMITMENTS (Continued)**

The following is a schedule of the future minimum payments required under 3ie's long-term lease agreements:

<u>Years Ending December 31,</u>	<u>New Delhi</u>	<u>Washington, D.C.</u>	<u>London</u>	<u>Total</u>
2019	\$ 152,681	\$ 71,075	\$ -	\$ 223,756
2020	160,315	-	-	160,315
2021	175,583	-	-	175,583
2022	175,583	-	-	175,583
2023	<u>117,056</u>	<u>-</u>	<u>-</u>	<u>117,056</u>
	<b><u>\$ 781,218</u></b>	<b><u>\$ 71,075</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 852,293</u></b>

Rent expense, which is included in "Occupancy and Office Expenses" in the accompanying Statement of Functional Expenses, for the year ended December 31, 2018 totaled \$344,842.

**8. RETIREMENT PLAN**

3ie offers a 401(k) retirement plan (for its U.S. staff) in which employees may voluntarily contribute a percentage of wages, up to the legal maximum. Eligible employees (those who work 1,000 hours or more in any calendar year) may participate in this plan effective with the first payroll after hire. 3ie will contribute three percent of the employee's earnings on a monthly basis up to the annual legal maximum. In addition, 3ie will contribute a profit sharing contribution equal to seven percent of the compensation of all eligible participants. Both the employee and employer contributions are immediately fully vested. 3ie's contributions to the plan during the year ended December 31, 2018 totaled \$92,185.

**9. MANAGEMENT AGREEMENT**

3ie maintains a management agreement with the London School of Hygiene and Tropical Medicine (LSHTM) that will remain in effect until December 31, 2021. Under this agreement, LSHTM will employ qualified personnel to manage 3ie's activities and programs in the United Kingdom.

3ie reimbursed LSHTM for the following services during the year ended December 31, 2018:

3ie seconded staff salaries, benefits including fees	\$ 403,310
Office rent	41,589
Other miscellaneous expenses	<u>15,148</u>
<b>TOTAL</b>	<b><u>\$ 460,047</u></b>

As of December 31, 2018, 3ie has an outstanding liability balance due to LSHTM aggregating \$226,316, for seconded staff salaries for the months of July through December 2018, and rent expense for the month of December 2018, pending reconciliation of amounts with LSHTM.

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

10. MISCELLANEOUS EXPENSES

Miscellaneous expenses reported in the accompanying Statement of Functional Expenses were comprised of the following during the year ended December 31, 2018:

Insurance - commercial and workers compensation	\$	13,552
Insurance - directors and officers		9,930
Publications		20,396
Subscriptions		122,255
Office supplies		<u>9,523</u>
<b>TOTAL MISCELLANEOUS EXPENSES</b>	<b>\$</b>	<b><u>175,656</u></b>

11. SUBSEQUENT EVENTS

In preparing these financial statements, 3ie has evaluated events and transactions for potential recognition or disclosure through April 11, 2019, the date the financial statements were issued.