

**FINANCIAL STATEMENTS**

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

**FOR THE YEAR ENDED DECEMBER 31, 2021  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2020**

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

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

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

#### Opinion

We have audited the accompanying financial statements of International Initiative for Impact Evaluation, Inc. (3ie), which comprise the statement of financial position as of December 31, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 3ie as of December 31, 2021, and the change in its net assets, functional expenses and 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 Financial Statements section of our report. We are required to be independent of 3ie 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 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 3ie's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 3ie's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 3ie'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 Prior Year Comparative Financial Statements**

We have previously audited 3ie's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



May 26, 2022

## INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,525,792	\$ 11,051,632
Investments	24,064,729	24,775,072
Accounts receivable	82,057	236,788
Accrued interest receivable	44,795	81,483
Grants and contributions receivable, net of present value discount	7,946,947	8,820,052
Prepaid expenses	57,979	36,073
Fixed assets, net of accumulated depreciation and amortization of \$177,615	6,705	34,750
Deposits	<u>3,620</u>	<u>63,799</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 36,732,624</u></b>	<b><u>\$ 45,099,649</u></b>

**LIABILITIES AND NET ASSETS****LIABILITIES**

Accounts payable and accrued liabilities	\$ 1,213,802	\$ 1,068,592
Grants payable	29,968	54
Deferred revenue	318,766	15,417
Loan payable	<u>-</u>	<u>154,000</u>
Total liabilities	<u>1,562,536</u>	<u>1,238,063</u>

**NET ASSETS**

Without donor restrictions:		
Undesignated	4,100,000	23,879,109
Board designated	<u>17,371,736</u>	<u>-</u>
Total without donor restrictions	21,471,736	23,879,109
With donor restrictions	<u>13,698,352</u>	<u>19,982,477</u>
Total net assets	<u>35,170,088</u>	<u>43,861,586</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 36,732,624</u></b>	<b><u>\$ 45,099,649</u></b>

## INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grants and contributions	\$ 1,285,501	\$ 2,530,236	\$ 3,815,737	\$ 4,356,702
Interest and investment (loss) income, net of expenses of \$101,505	(247,243)	7,427	(239,816)	411,425
Service income and other	605,286	-	605,286	723,540
Net assets released from donor restrictions	<u>8,664,488</u>	<u>(8,664,488)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>10,308,032</u>	<u>(6,126,825)</u>	<u>4,181,207</u>	<u>5,491,667</u>
<b>EXPENSES</b>				
Program Services	9,335,719	-	9,335,719	10,272,900
General and Administrative	<u>3,359,381</u>	<u>-</u>	<u>3,359,381</u>	<u>3,013,754</u>
Total expenses	<u>12,695,100</u>	<u>-</u>	<u>12,695,100</u>	<u>13,286,654</u>
Change in net assets before other items	<u>(2,387,068)</u>	<u>(6,126,825)</u>	<u>(8,513,893)</u>	<u>(7,794,987)</u>
<b>OTHER ITEMS</b>				
Exchange rate (loss) gain on grants and contributions receivable	-	(157,300)	(157,300)	184,904
Loss on disposal of assets	<u>(20,305)</u>	<u>-</u>	<u>(20,305)</u>	<u>(33,942)</u>
Total other items	<u>(20,305)</u>	<u>(157,300)</u>	<u>(177,605)</u>	<u>150,962</u>
Change in net assets	(2,407,373)	(6,284,125)	(8,691,498)	(7,644,025)
Net assets at beginning of year	<u>23,879,109</u>	<u>19,982,477</u>	<u>43,861,586</u>	<u>51,505,611</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 21,471,736</u></b>	<b><u>\$ 13,698,352</u></b>	<b><u>\$ 35,170,088</u></b>	<b><u>\$ 43,861,586</u></b>

## INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<b>2021</b>			<b>2020</b>
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Total Expenses</b>	<b>Total Expenses</b>
Salaries and benefits	\$ 3,271,036	\$ 2,386,230	\$ 5,657,266	\$ 4,427,360
Occupancy and office expenses	34,045	254,131	288,176	422,218
Professional fees	2,022,384	578,000	2,600,384	2,382,896
Honorarium	-	-	-	45,667
Grant expenses	3,887,773	-	3,887,773	5,445,361
Conference and meeting expenses	5,017	1,728	6,745	61,654
Travel	55,174	(5,880)	49,294	165,259
Bank fees	18	21,602	21,620	19,210
Recruitment fees	75	1,061	1,136	1,076
Depreciation and amortization	-	9,994	9,994	16,933
Equipment	11,197	47,290	58,487	142,788
Miscellaneous	49,000	65,225	114,225	156,232
<b>TOTAL</b>	<b>\$ 9,335,719</b>	<b>\$ 3,359,381</b>	<b>\$ 12,695,100</b>	<b>\$ 13,286,654</b>

## INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (8,691,498)	\$ (7,644,025)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	9,994	16,933
Unrealized and realized losses on investments	534,776	67,453
Extinguishment of debt	(154,000)	-
Decrease in discount on noncurrent grants and contributions receivable	(220,429)	(73,518)
Exchange rate loss (gain) on grants and contributions receivable	157,300	(184,904)
Loss on disposal of assets	20,305	33,942
Security deposit forfeited when lease terminated	10,310	-
Decrease (increase) in:		
Accounts receivable	154,731	(181,696)
Accrued interest receivable	36,688	(14,469)
Grants and contributions receivable	936,234	7,803,524
Prepaid expenses	(21,906)	(11,823)
Deposits	49,869	68,592
Increase (decrease) in:		
Accounts payable and accrued liabilities	145,211	170,118
Grants payable	29,914	(113,342)
Deferred revenue	<u>303,349</u>	<u>(42,117)</u>
Net cash used by operating activities	<u>(6,699,152)</u>	<u>(105,332)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,255)	-
Purchase of investments	(9,512,727)	(21,224,598)
Proceeds from sale of investments	<u>9,688,294</u>	<u>20,422,817</u>
Net cash provided (used) by investing activities	<u>173,312</u>	<u>(801,781)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan proceeds received	<u>-</u>	<u>154,000</u>
Net cash provided by financing activities	<u>-</u>	<u>154,000</u>
Net cash and cash equivalents in cash and cash equivalents	(6,525,840)	(753,113)
Cash and cash equivalents at beginning of year	<u>11,051,632</u>	<u>11,804,745</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 4,525,792</u></b>	<b><u>\$ 11,051,632</u></b>
<b>SCHEDULE OF NONCASH FINANCING TRANSACTIONS</b>		
<b>Extinguishment of Debt</b>	<b><u>\$ 154,000</u></b>	<b><u>\$ -</u></b>

See accompanying notes to financial statements.



# INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### 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*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

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

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, 2020, 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, 2021, 3ie maintained \$118,977 of cash and cash equivalents on hand and in financial institutions in India. The majority of funds invested in local accounts are uninsured.

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

Grants, contributions and accounts receivable -

Grants, contributions 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 contributions 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, 2021 totaled \$9,994.

Income taxes -

3ie is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. 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, 2021, 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.

Revenue recognition -

The majority of 3ie's revenue is received through awards from the foreign governments, international organizations, foundations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. 3ie performs an analysis of the individual award 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.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

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

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

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

Revenue recognition (continued) -

Awards qualifying as conditional contributions contain a right of return or right of release from obligation provision and a defined barrier (or barriers), and the entity has limited discretion over how funds transferred should be spent. Accordingly, revenue is recognized when the condition or conditions are satisfied (when the related barrier has been overcome; generally, when qualifying expenditures are incurred); these transactions are nonreciprocal and classified as conditional, and are recognized as contributions when the revenue becomes unconditional.

3ie also 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 "without donor restrictions" when earned (when the performance obligations have been met), and based on a set transaction price. Service income is recognized over the time period specified in each contract. Any funds received in advance of satisfying 3ie's obligations are recorded as deferred revenue in the accompanying Statement of Financial Position; any amounts not collected (as contract income is invoiced to customers) is recorded in accounts receivable 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 as of December 31, 2021 totaled \$157,300, 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 directly attributed to a specific functional area of 3ie are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis. Business development expenses are classified as "General and Administrative" expenses in the accompanying Statement of Activities and Change in Net Assets (there are no direct fundraising activities).

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

Investment risks and uncertainties -

3ie invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact 3ie's operations. The overall potential impact is unknown at this time.

New accounting pronouncements (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842), 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 Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities with fiscal years beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (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 ASU 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 should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

3ie plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying financial statements.

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

2. INVESTMENTS

Investments consisted of the following at December 31, 2021:

	<u>Fair Value</u>
Government Sponsored Enterprise Securities	\$ 3,493,235
Corporate Bonds	12,052,665
Asset-Backed Securities, Mortgage-Backed Securities and Collateralized Mortgage Obligations	<u>8,518,829</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 24,064,729</u></b>

Included in interest and investment loss, net, are the following at December 31, 2021:

Interest and dividends	\$ 396,465
Unrealized and realized losses on investments	(534,776)
Management fees	<u>(101,505)</u>
<b>TOTAL INTEREST AND INVESTMENT LOSS, NET</b>	<b><u>\$ (239,816)</u></b>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2021, 3ie's donors have made written promises to give of which \$8,063,437 had yet to be collected. Grants and contributions due beyond one year of the Statement of Financial Position date have been recorded at the net present value of their estimated cash flows using effective interest rates between 3.25% to 5.50%.

Following is a schedule of estimated future collections as of December 31, 2021:

Less than one year	\$ 5,852,161
One to five years	<u>2,211,276</u>
Total	8,063,437
Less: Discount to present value	<u>(116,490)</u>
<b>NET GRANTS AND CONTRIBUTIONS RECEIVABLE</b>	<b><u>\$ 7,946,947</u></b>

Approximately 63% of 3ie's grants and contributions receivable balance as of December 31, 2021 was due (under multi-year awards) from a single donor. 3ie has no reason to believe that relationship with this donor will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect 3ie's ability to finance ongoing operations.

4. LOAN PAYABLE

On May 4, 2020, 3ie received loan proceeds in the amount of \$154,000 under the Paycheck Protection Program (PPP). The promissory note required monthly principal and interest payments amortized over the two-year term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note could be forgiven by the Small Business Administration in whole or in part.

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

4. **LOAN PAYABLE (Continued)**

During 2020, 3ie used the proceeds for purposes consistent with the Paycheck Protection Program, and met the conditions for forgiveness of the loan. On April 10, 2021, the full value of the loan was forgiven, accordingly, 3ie has recorded \$154,000 of revenue from debt extinguishment as "grants and contributions" income in the accompanying 2021 Statement of Activities and Change in Net Assets.

5. **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, 2021 are comprised of the following:

Cash and cash equivalents	\$ 4,525,792
Investments	24,064,729
Accounts receivable	82,057
Grants receivable	<u>7,946,947</u>
Subtotal financial assets	36,619,525
Less: Amounts unavailable for general expenditures within one year due to Board designation	(17,371,736)
Less: Amounts unavailable for general expenditures within one year due to donor restrictions	<u>(13,698,352)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 5,549,437</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. As of December 31, 2021, 3ie maintains approximately five months of liquidity in order to meet its current financial obligations.

6. **BOARD DESIGNATED NET ASSETS**

During the year ended December 31, 2021, the Board of Commissioners established two Board Designated net asset funds. The Long-Term Strategic Reserves (LTSR) has a target level of \$12,000,000 or one year of operating costs, whichever is higher. The Short-Term Buffer Reserve (STBR) has a target level of \$6,000,000 or six months of operating costs, whichever is higher. The balance of 3ie's net assets without donor restrictions (\$4,100,000 as of December 31, 2021) is termed the Institutional Enhancement Fund (IEF) and is not designated for any specific purpose. Accordingly, following is a summary of the Board Designated net assets balances as of December 31, 2021:

Long-Term Strategic Reserve (LTSR)	\$ 12,000,000
Short-Term Buffer Reserve (STBR)	<u>5,371,736</u>
<b>TOTAL BOARD DESIGNATED NET ASSETS</b>	<b><u>\$ 17,371,736</u></b>

INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

7. NET ASSETS WITH DONOR RESTRICTIONS

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

<b>Subject to Expenditure for Specified Purpose</b>	<b><u>\$ 13,698,352</u></b>
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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	\$ 7,077,629
Passage of time	<u>1,586,859</u>

<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 8,664,488</u></b>
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8. GRANT EXPENSES AND RELATED COMMITMENTS

Grants (that have been authorized for award) are not recorded as an expense in 3ie's financial statements at the time of authorization, but are expensed as installment payments are made, as grantees are required to substantiate their costs incurred and related achievement of deliverables before future installments can be disbursed. Grants authorized (and expensed) during the year ended December 31, 2021 totaled \$3,887,773; as of December 31, 2021, 3ie had outstanding current grants payable aggregating \$29,968.

Grants that have not been authorized (due to timing and conditions of the grant awards) have not been expensed or accrued as liabilities in the accompanying financial statements; additionally those grant terms vary, and payments are scheduled at various times through calendar year 2024.

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, 2021:

**Year Ending December 31,**

2022	\$ 3,260,011
2023	557,109
2024	<u>308,055</u>
	<b><u>\$ 4,125,175</u></b>

9. LEASE COMMITMENTS

On August 29, 2019, 3ie entered into a 48-month lease for office space in Washington, D.C., commencing on October 1, 2019. The lease required a monthly payment of \$10,310, with an annual increase of 2.50% each anniversary year. On July 31, 2021, the lease was terminated. 3ie was required to pay a termination fee of \$80,000, which was paid to the landlord net of its forfeited security deposit of \$10,310.

In September 2014, 3ie entered into a nine year lease for office space in New Delhi, India. During 2021, the lease was terminated. During November 2021, 3ie entered into a three-year lease for office space (with a lock-in period of three years). Rental payments required under the lease are \$1,160 per month, through November 2024, with no rental increases during the lease term.

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9. LEASE COMMITMENTS (Continued)

3ie leased space from the London School of Hygiene & Tropical Medicine (LSHTM) for its activities in London on a month-to-month basis. During 2021, the lease was terminated.

Following is a schedule of the future minimum payments required under 3ie's current lease agreement (in New Delhi):

<u>Years Ending December 31,</u>	
2022	\$ 13,920
2023	13,920
2024	<u>12,760</u>
	<u>\$ 40,600</u>

Rent expense, which is included in "Occupancy and Office Expenses" in the accompanying Statement of Functional Expenses, for the year ended December 31, 2021 totaled \$231,425.

10. 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, 2021 totaled \$216,542.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, 3ie 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 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 3ie has the ability to access.

**Level 2.** These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.



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**11. FAIR VALUE MEASUREMENT (Continued)**

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2021.

*U.S. Government securities* - Valued at the closing price reported on the active market in which the individual securities are traded.

*Corporate debt, asset-backed securities, mortgage-backed securities, CMO's* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

Financial assets recorded in the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended December 31, 2021:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Asset Category - Investments:</b>				
Government Sponsored				
Enterprise Securities	\$ 3,493,235	\$ -	\$ -	\$ 3,493,235
Corporate Bonds	-	12,052,665	-	12,052,665
Asset-Backed Securities, Mortgage-Backed Securities and Collateralized Mortgage Obligations	-	8,518,829	-	8,518,829
<b>TOTAL</b>	<b>\$ 3,493,235</b>	<b>\$ 20,571,494</b>	<b>\$ -</b>	<b>\$ 24,064,729</b>

**12. MISCELLANEOUS EXPENSES**

Miscellaneous expenses reported in the accompanying Statement of Functional Expenses were comprised of the following during the year ended December 31, 2021:

Insurance - commercial and workers compensation	\$ 34,082
Insurance - directors and officers	900
Subscriptions	77,632
Office supplies	1,611
<b>TOTAL MISCELLANEOUS EXPENSES</b>	<b>\$ 114,225</b>

**13. MANAGEMENT AGREEMENT**

3ie maintained a management agreement with the London School of Hygiene and Tropical Medicine (LSHTM) that remained in effect until September 30, 2021. Under this agreement, LSHTM employed 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, 2021:

3ie seconded staff salaries, benefits including fees	\$ 679,761
Office rent	13,343
Other miscellaneous expenses	1,346
<b>TOTAL</b>	<b>\$ 694,450</b>

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

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**13. MANAGEMENT AGREEMENT (Continued)**

As of December 31, 2021, 3ie has an outstanding balance due to LSHTM (included in accounts payable and accrued liabilities) aggregating \$136,044, for seconded staff salaries for the months of June through December 2021, pending reconciliation of amounts with LSHTM.

**14. SUBSEQUENT EVENTS**

In preparing these financial statements, 3ie has evaluated events and transactions for potential recognition or disclosure through May 26, 2022, the date the financial statements were issued.

On April 27, 2022, 3ie obtained a Certificate of Registration of an Overseas Company in the United Kingdom, in accordance with the registration requirements of the Companies Act of 2006 (set forth by the Companies House).

During 2022, 3ie established a pension scheme under the laws of Norway (for the benefit of the Executive Director, a resident of Norway). 3ie has engaged an administrator who is responsible for managing the pension account. The pension plan documents state that on an annual basis, 3ie will contribute NOK 185,400 (between \$19,000 to \$21,000, depending on the exchange rate) to the plan.