

GLOBAL DEVELOPMENT NETWORK, INC.

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS**

JUNE 30, 2019

GLOBAL DEVELOPMENT NETWORK, INC.

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JUNE 30, 2019 and 2018

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Global Development Network, Inc.

We have audited the accompanying statements of financial position of Global Development Network, Inc. (GDN Inc.) as of June 30, 2019 and 2018, and the related statements of activities and cash flow for the years then ended. These financial statements are the responsibility of GDN Inc.'s management. 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 an 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 the management, as well as evaluating 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 Global Development Network, Inc. as of June 30, 2019 and 2018, and 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 done for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on functional expenses and contribution received and utilized is presented for purposes of additional analysis and is not a required part of the basic financial statements. That information is the responsibility of GDN Inc.'s management. Such information has been subjected to auditing procedures applied in 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.

New Delhi, India

M. No - 095305



28 OCT 2019

Global Development Network, Inc.

Statements of Financial Position

June 30, 2019 and 2018

Assets	<u>2,019</u>	<u>2018</u>
	Amount (US\$)	Amount (US\$)
Current assets		
Cash and cash equivalents	2,481,287	2,758,973
Contributions receivable	101,780	497,092
Prepaid expenses	534	0
Other current assets	-	0
Total current assets	<u>2,583,601</u>	<u>3,256,065</u>
Property and equipment, net	<u>1,683</u>	<u>0</u>
Total assets	<u><u>2,585,284</u></u>	<u><u>3,256,065</u></u>
Liabilities and Net Assets		
Current liabilities		
Grants payable	82,249	59,610
Accounts payable	1,244,431	1,208,690
Accrued expenses	-	0
Total liabilities	<u>1,326,680</u>	<u>1,268,300</u>
Net assets		
Unrestricted	1,030,467	1,368,705
Temporarily restricted	<u>228,137</u>	<u>619,060</u>
Total net assets	<u>1,258,604</u>	<u>1,987,765</u>
Total liabilities and net assets	<u><u>2,585,284</u></u>	<u><u>3,256,065</u></u>

See accompanying notes to the financial statements.



For GLOBAL DEVELOPMENT NETWORK

 AUTHORISED SIGNATORY

Global Development Network, Inc.

Statements of Activities

Years Ended June 30, 2019 and 2018

	2019			2018		
	Unrestricted	Temporarily	Total	Unrestricted	Temporarily	Total
	Amount (US\$)	Restricted	Amount (US\$)	Amount (US\$)	Restricted	Amount (US\$)
Support and revenue						
Grants, contracts, and contributions	(361,161)	652,894	291,733	(2,008,668)	2,474,349	465,681
Interest income	21,888	-	21,888	24,676	-	24,676
Foreign currency exchange gain / (loss)	(765)	-	(765)	(2)	-	(2)
Other income	1,800	-	1,800	210	-	210
Net assets released from restrictions	1,043,817	(1,043,817)	-	2,563,092	(2,563,092)	-
Total support and revenue	705,579	(390,923)	314,656	579,308	(88,743)	490,565
Expenses						
Program services						
Global Development Awards	244,123	-	244,123	303,639	-	303,639
Research Capacity Building Program	254,933	-	254,933	471,061	-	471,061
Other programs - GlobalDev (blog)	28,239	-	28,239	163,834	-	163,834
Total program	527,295	-	527,295	938,534	-	938,534
Supporting services						
Donor coordination and fundraising	-	-	-	-	-	-
Secretariat (indirect costs)	516,522	-	516,522	1,624,558	-	1,624,558
Total expenses	1,043,817	-	1,043,817	2,563,092	-	2,563,092
Change in net assets	(338,238)	(390,923)	(729,161)	(1,983,784)	(88,743)	(2,072,527)
Transfer of Reserve	-	-	-	-	-	-
Net assets (deficit)						
Beginning of period	1,368,705	619,060	1,987,765	3,352,489	707,803	4,060,292
End of period	1,030,467	228,137	1,258,604	1,368,705	619,060	1,987,765

See accompanying notes to the financial statements.



For GLOBAL DEVELOPMENT NETWORK

 AUTHORISED SIGNATORY

Global Development Network, Inc.

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
	Amount (US\$)	Amount (US\$)
Cash flows from operating activities		
Contributions, grants, and contract payments received	687,046	353,689
Interest income received	21,888	24,676
Other revenue / (loss)	1,035	208
Payments to grantees, vendors, and employees	<u>(985,818)</u>	<u>(2,051,861)</u>
Net cash provided by operating activities	(275,850)	(1,673,288)
Cash flows from investing activities		
Decrease in short term deposit	-	-
Increase in Long term deposit	-	16,576
Purchases of property and equipment	<u>(1,836)</u>	<u>-</u>
Net cash from (used) investing activities	(1,836)	16,576
Net increase in cash and cash equivalents	(277,685)	(1,656,712)
Cash and cash equivalents		
Beginning of period	<u>2,758,973</u>	<u>4,415,685</u>
End of year	<u>2,481,287</u>	<u>2,758,973</u>
Actual Cash	<u>2,481,287</u>	<u>\$ 2,758,973</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	(729,161)	(2,072,527)
Adjustments	-	-
Depreciation and amortization	153	-
Other revenue / (loss)	-	-
Decrease / (increase) in assets	-	-
Short term deposit	-	-
Contributions receivable	395,312	(111,992)
Prepaid expenses and security deposits	(534)	1,769
Increase / (decrease) in liabilities	-	-
Grants payable	22,639	(374,689)
Accounts payable and accrued expenses	<u>35,741</u>	<u>884,151</u>
Other Payable	-	-
Net cash provided by operating activities	<u>(275,850)</u>	<u>(1,673,288)</u>

See accompanying notes to the financial statements.



For GLOBAL DEVELOPMENT NETWORK

 AUTHORISED SIGNATORY

GLOBAL DEVELOPMENT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation - Financial statement presentation follows the guidance contained in Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the Global Development Network, Inc. (GDN Inc.) reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on existence and/or nature of donor restrictions, if any.

Cash and Cash Equivalents - Cash consists of monies held in demand deposit and money market accounts. Cash equivalents are all highly liquid investments with initial maturity dates of three months or less.

Investments- Current investments are carried at the lowest of cost of quoted/fair value computed category wise. Long-term investments are stated at the fair market value.

Property and Equipment - Property and equipment are recorded at cost. Major additions are capitalized while replacements, maintenance, and repairs that do not improve or extend the lives of the respective assets are expensed currently. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose or for use in a future period. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. The cost of property and equipment retired or disposed off is removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in income. The property and equipments that are purchased specifically from the donor funds for any particular projects are recorded at a nominal value of \$1 per asset to keep a track of the assets. The balance is expensed off in the year of acquisition.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currency - GDN Inc. records pledges received in foreign currencies at the exchange rate on the date of the pledge. In case of Multiyear Foreign Currency Funding, the rate prevalent on the first day of the financial year is taken to accrue the pledge relevant to that year. Increases or decreases due to fluctuations in exchange rates, whether realized or remaining unrealized as at the end of the financial year are included in "foreign currency exchange gain" in the Statement of Activities.

NOTE 2. ORGANIZATION AND TAX STATUS

The Global Development Network Inc. is an evolving network of research and policy institutes working together to address problems of national and regional development. Launched in 1999 by the World Bank, GDN Inc. was incorporated as a not-for-profit organization in March 2001. GDN Inc. is governed by a 5-member international governing body of renowned researchers and policymakers from around the world.

GDN Inc. (a Delaware non-profit corporation), is exempt from Federal and District of Columbia income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 47-1802.1 of the District of Columbia Code, respectively, and is classified as a publicly-supported organization by the Internal Revenue Service.

GDN Inc. is global. It:

- Supports multidisciplinary research in the social sciences and mobilizes resources around the world.
- Produces policy-relevant knowledge on a global scale.
- Promotes the application of global knowledge through its local "reinvention."

GDN Inc. is for *development*. It:

- Builds research capacity to advance development and alleviate poverty.
- Fosters research in developing and transition economies.
- Disseminates development knowledge to the public and policymakers.
- Bridges the gap between ideas and policies.

GDN Inc. is a *network*. It:

- Links research institutes from 10 regions and more than 100 countries.
- Coordinates research and strengthens partnerships worldwide.
- Facilitates knowledge sharing among researchers and policymakers.
- Promotes multidisciplinary collaboration among researchers.

GDN Inc. activities are designed to meet the needs of research institutes, as determined through surveys and direct consultations, as well as to provide policymakers with relevant and timely information. These activities include:



NOTE 2. ORGANIZATION AND TAX STATUS (CONTINUED)

Global Development Awards Competition

- **Japan Social Development Fund Award**

The Global Development Awards Competition is an award scheme launched by GDN with generous support from the Ministry of Finance, Government of Japan, and administered through the World Bank. It includes three categories: Japanese Award on Outstanding Research on Development (ORD), Japanese Award for Most Innovative Development Project (MIDP), and Japan Social Development Fund Award (JSDF). This makes for a great variety of activities in the competition, making it GDN's only program to involve both researchers and development practitioners. The Awards Competition recognizes excellence in policy-oriented research, identifies talents, supports the career advancement of researchers in developing countries, and funds innovative social development projects implemented by NGOs and benefiting marginalized groups in the developing world.

Currently, on top of the implementation of the grants awarded (2017 edition) at GDN's annual conference in New Delhi on 22-23 March 2018, GDN is awaiting the issuance by the World Bank of the grant agreement for the next 3 editions, approved by the donor (Ministry of Finance, Government of Japan) in July 2018. In the meanwhile, The World Bank has allowed retroactive financing to run the ORD competition alone between May 2019 and October 2019, when the winners are expected to be announced at the GDN Global Development Conference in Bonn, Germany.

Under the ORD call for 2019, 102 applications were received from 32 different countries (citizenship of the principal investigator). 29.4 % of these applications featured a team led by a woman, and 31.4 % were about projects or research lead by a team with citizenship of a Low-Income Economy Country (28.4% were also residents in such a country). 53 proposals from 25 different countries (citizenship of the Author) were shortlisted, of which 35.8 % led by a woman, and 22.6 % led by a team with citizenship of a Low-Income Economy Country. The final shortlist includes 3 proposals from India, Malaysia and Philippines.

Over \$ 244,000 in 2019 and \$ 303,000 in 2018 were spent on this project.

Research Capacity Building Project (RCBP):- Global Research Projects have been renamed as Research Capacity Building Program. This project supports quality research in many countries, involving local research teams from across the world. The multi-country studies allow for both comprehensive and comparative perspective across regions and countries.

- **Doing Research – Assessing the Environment for Social Science Research in Developing Countries**

The Global Development Network (GDN) launched an innovative program to investigate systematically the challenges of doing quality social science research in developing countries. Informed by a two-year pilot phase, this program has partnered with national research institutions from Bolivia, Indonesia, Myanmar and Nigeria to implement the Doing Research Assessments (DRA): a method for analyzing the strengths, weaknesses, challenges and bottlenecks that affect quality and policy-relevant social science research. Except for Myanmar, which is funded by IDRC, all grants are currently funded by GDN. The program represents an innovative opportunity to learn



NOTE 2. ORGANIZATION AND TAX STATUS (CONTINUED)

about and act on the status and future of social sciences in developing countries, and GDN will lead the aggregation, benchmarking and comparative analysis of knowledge that emerges from the Assessment, supporting implementing partners to use findings to guide action on research system strengthening. In the past year, GDN has guided the 4 countries through the implementation of the DRA, and has expanded the global visibility of the program, in preparation for a larger implementation as part of an alliance of like-minded organizations, donors and partners, which will be discussed at the GDN Global Development Conference in Bonn, Germany, in October 2019.

- **Building Research Capacity in Least Developed Countries (LDC Scale phase program)**

A call for proposals for institutions interested in strengthening the production and use of policy-relevant knowledge on the links between the economy and the environment has been issued in spring 2018, as a follow-up to the IDRC-funded program “Strengthening Research Capacities in Least Developed Countries”. Like the IDRC-funded program, this call focused on demand-led proposals that sought to implement home-grown ideas to strengthen research production, training and outreach locally. This call adds to previous funding a thematic focus (the link between the economy and the environment), and will be used to innovate in terms of a number of aspects of GDN funding, starting from ‘mentoring’ applied to institutional development grants, to stronger M&E and sustainability frameworks for each grant and the program overall. Two institutions have been selected after a multi-stage and external selection process: one in Vietnam, which will develop a regional training platform to apply Computable General Equilibrium models to study the impact of climate change in Vietnam, and one in India, which is developing a platform and a toolkit to make adaptation research accessible to actors involved in adaptive upgradation of informal settlements in South Asia.

The grant in Vietnam has been implemented, and is scheduled to end in September 2019, with the creation of a regional network of researchers working on adaptation through economic modelling tools, pivoting around the Foreign Trade University. The grant for Fields of View, the India-based co-winner of the selection, could not be issued for statutory reasons (pending authorization from the Government of India to receive international funding).

Despite this setback, the program has deepened GDN’s experience in using mentoring for institutional strengthening programs, and supported its incipient work in the climate change adaptation space.

- **Strengthening the Research Capacity of Relatively Small Countries in LAC**

Launched in June 2015, this innovative project aims to better understand the particular constraints faced by small countries in Latin America and the Caribbean with respect to the production and use of policy-oriented social science research and strengthen capabilities of select research institutions to contribute to the evidence-based policy making process. The countries of focus in the project are the Bahamas, Barbados, Belize, Bolivia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Suriname, and Trinidad & Tobago.

In the first phase, a Diagnostic study highlighted major differences and similarities between the countries as well as emerging priority areas in terms of the production and use of social science research. In a second phase, local independent research institutions were selected, through a



NOTE 2. ORGANIZATION AND TAX STATUS (CONTINUED)

multi-step selection process that included a Policy Lab, to produce original research on the efficiency and effectiveness of policies aiming to improve the quality of education in the target countries. 2 teams (Ecuador and El Salvador) secured the support of their respective national ministry of education, a condition that applies to all work funded by the Inter-American Development Bank. The remaining funds have been re-allocated through a final extension of the grant to support the institutions in developing, in collaboration with the respective education ministries and the local IDB offices, implementation and evaluation blueprints for interventions (to be funded in the future by the ministries) that build on the findings of phase 2.

Phase 2 has been completed in Ecuador, but was cancelled in El Salvador, due to changes in the Ministry of Education before and after the February 2019 presidential elections.

The evaluation has highlighted the value of GDN's demand-driven approach to institutional capacity strengthening, and supported the continuation of the program.

- **Mobilizing Local Knowledge for Competitiveness Strategies**

The project aims at documenting how governments and companies interact to improve – or conversely penalize – industrial productivity. The ambition is also to create a bottom-up movement to document policy-making from locally generated analysis and evidence and train the local research constituency needed to carry that mission. The focus will be on African, Caribbean and Pacific Group of States.

After a competitive process, the Global Practice at the World Bank has been able to hire GDN Inc. as a consultant for this project and a contract has been signed at the end of August 2015. In FY 2018/2019, a final review was conducted by the Scientific Committee members. The papers were published in the GDN working paper series. The final event could not be held before the end of the contract since it was pending on a Final Decision Meeting at the World Bank, which had not been organized before November 2018

Over \$ 254,000 in 2019 and \$ 471,000 in 2018 were spent on Research Capacity Building Project (RCBP).

OTHERS

- **GLOBALDEV (BLOG)**

GlobalDev.blog is a new platform that mobilizes academic knowledge on major sustainable development challenges. Launched on February 8, 2018, the platform has now posted 96 articles on topics such as agriculture, aid effectiveness, climate change, economic transformation, education, financing development, globalization, health, migration, natural resources management and science, technology and innovation (information updated on September 12th, 2019). 81% of authors are either nationals or based in the global South. All blog posts are available in English, Spanish and French, and are shared through the Blog's social media platforms also through targeted advertising in Arabic. The blog has between 500 and 900 weekly unique users, coming mostly from Africa, Latin America and South Asia. The blog is currently funded for the largest part by GDN.

Over \$ 28,000 in 2018 and \$ 163,000 in 2018 were spent on the project.



NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2019 and 2018, consists of the following:

Particulars	2019	2018
	Amt (In US\$)	Amt (In US\$)
COMPUTER EQUIPMENT	2,453	617
FURNITURE AND FIXTURES	NIL	NIL
VEHICLE	NIL	NIL
OFFICE EQUIPMENT	NIL	NIL
LESS ACCUMULATED DEPRECIATION	(770)	(617)
TOTAL	1,683	0

NOTE 4. NET ASSETS

Unrestricted Net Assets - Unrestricted net assets represent amounts available to carry out general operations of GDN without restriction imposed by donors.

Restricted Net Assets - GDN has received contributions to support specific programs, which have resulted in temporary restrictions on its net assets. The net assets will be released when expenses are incurred that satisfy the purpose restrictions.

Temporarily Restricted Net Assets - Temporarily restricted net assets as at the end of the year are available for the following purposes:

Particulars	2019	2018
	Amt (In US\$)	Amt (In US\$)
Research Capacity Building Program	112,826	362,775
Awards	115,311	228,896
Others - GlobalDev (blog)		27,389
Total	228,137	619,060

Net Assets released from Donor Restrictions - Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by occurrence of other events specified by the donors.

Purpose restrictions accomplished for the years ended June 30, 2019, and June 30, 2018, were:

Particulars	2019	2018
	Amt (In US\$)	Amt (In US\$)
Regional Research Competitions		
Global Development Awards	236,775	169,051
Research Capacity Building Program	247,259	262,265
Secretariat	532,394	2,040,561
Other	27,389	91,215
Total	1,043,817	2,563,092



NOTE 5. OPERATING LEASES

GDN Inc. renewed the hosting agreement with CliftonLarsonAllen LLP, based at Arlington, USA to virtually host GDN. The extension is till December 31, 2019.

Future minimum annual rental payments required under this operating lease as of June 30, 2019 is as follows:

Particulars	Amount (In US\$)
Year Ending June 30, 2020	4,560
Total	4,560

NOTE 6. UNINSURED CASH BALANCE

GDN Inc. maintains its cash accounts in the USA. The banks in the USA are insured by Federal Deposit Insurance Corporation for the first \$250,000 of the deposit. On June 30, 2019 and 2018, GDN Inc. had balances that exceeded the federally insured amount by approximately \$ 2.23 million and \$ 2.50 million, respectively. There was no Cash in hand at the year end i.e. June 30, 2019. GDN Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 7. CONCENTRATION OF CONTRIBUTIONS

GDN Inc. received approximately 43% of its total support and revenue from a single contributor for the year ended June 30, 2019.

NOTE 8. CONDITIONAL PROMISES TO GIVE

There are four entities which have made conditional promises to give grant to GDN Inc., revenue from which will be recognized when the respective conditions are met in future years. Details of these conditional grants are:

1. Grantor agency's promise to give is conditioned upon GDN Inc. working on to create a localized and policy-relevant knowledge base and research capacity to improve Industrial Productivity in developing countries. The original grant was for US\$ 518,440 over 2.4 years ending December 2017 and further extended till November 30, 2018 with revised contract value of \$470,695. As of June 30, 2019, this conditional promise to receive grants totaled approximately US\$ 53,201
2. Grantor agency's promise to give is conditioned upon GDN Inc. working on Assessing Social Science Research Systems in Myanmar's Transition to Democracy. The grant was for CAD 188,700 over 2 years and 9 months ending October 31, 2021. As of June 30, 2019, this conditional promise to receive grants totaled approximately CAD 108,300.



NOTE 8. CONDITIONAL PROMISES TO GIVE (CONTINUED)

3. Grantor agency's promise to give is conditioned upon GDN Inc. working on provision of 21 awards for 2015, 2016 and 2017 rounds of the Global Development Awards competitions, including the advertisement of the event, selection and evaluation of proposals, management of the event, and knowledge dissemination related activities. The original grant was for USD 1,656,828 over 3 years ending June 30, 2018, further extended till December 31, 2020. As of June 30, 2019, this conditional promise to receive grants totaled approximately USD 454,633.

NOTE 9. GLOBAL DEVELOPMENT NETWORK'S RETIREMENT PLANS

GDN Inc. doesn't have any staff working in the US".

