

GLOBAL DEVELOPMENT NETWORK, INC.

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS

JUNE 30, 2020

GLOBAL DEVELOPMENT NETWORK, INC.

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS**

JUNE 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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
DATE: 12-11-2020



Global Development Network, Inc.

Statements of Financial Position

June 30, 2020 and 2019

	2,020	2019
Assets	Amount (US\$)	Amount (US\$)
Current assets		
Cash and cash equivalents	667,143	2,481,287
Contributions receivable	90,884	101,780
Prepaid expenses	-	534
Total current assets	758,027	2,583,601
Property and equipment, net	0	1,683
Intangible Assets	-	-
Total assets	758,027	2,585,284
Liabilities and Net Assets		
Current liabilities		
Grants payable	21,462	82,249
Accounts payable	17,336	1,244,431
Accrued expenses	-	0
Total liabilities	38,798	1,326,680
Net assets		
Unrestricted	553,506	1,030,467
Temporarily restricted	165,723	228,137
Total net assets	719,229	1,258,604
Total liabilities and net assets	758,027	2,585,284

See accompanying notes to the financial statements.



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Global Development Network, Inc.

Statements of Activities

Years Ended June 30, 2020 and 2019

	2020			2019		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
	Amount (US\$)	Amount (US\$)	Amount (US\$)	Amount (US\$)	Amount (US\$)	Amount (US\$)
Support and revenue						
Grants, contracts, and contributions	(484,933)	641,277	156,344	(361,161)	652,894	291,733
Interest income	10,409	-	10,409	21,888	-	21,888
Foreign currency exchange gain / (loss)	(2,438)	-	(2,438)	(765)	-	(765)
Other income	-	-	-	1,800	-	1,800
Net assets released from restrictions	703,690	(703,690)	-	1,043,817	(1,043,817)	-
Total support and revenue	226,728	(62,413)	164,315	705,579	(390,923)	314,656
Expenses						
Program services						
Global Development Awards	122,988	-	122,988	244,123	-	244,123
Research Capacity Building Program	66,018	-	66,018	254,933	-	254,933
Other programs - GlobalDev (blog)	-	-	-	28,239	-	28,239
Total program	189,006	-	189,006	527,295	-	527,295
Supporting services						
Secretariat (indirect costs)	514,684	-	514,684	516,522	-	516,522
Total expenses	703,690	-	703,690	1,043,817	-	1,043,817
Change in net assets	(476,962)	(62,413)	(539,375)	(338,238)	(390,923)	(729,161)
Net assets (deficit)						
Beginning of period	1,030,467	228,137	1,258,604	1,368,705	619,060	1,987,765
End of period	553,506	165,723	719,229	1,030,467	228,137	1,258,604

See accompanying notes to the financial statements.



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Global Development Network, Inc.

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
	Amount (US\$)	Amount (US\$)
Cash flows from operating activities		
Contributions, grants, and contract payments received	167,240	687,046
Interest income received	10,409	21,888
Other revenue / (loss)	(2,438)	1,035
Payments to grantees, vendors, and employees	<u>(1,991,038)</u>	<u>(985,818)</u>
Net cash provided by operating activities	(1,815,827)	(275,850)
Cash flows from investing activities		
Purchases of property and equipment	<u>1,683</u>	<u>(1,836)</u>
Net cash from (used) investing activities	1,683	(1,836)
Net increase in cash and cash equivalents	(1,814,144)	(277,685)
Cash and cash equivalents		
Beginning of period	<u>2,481,287</u>	<u>2,758,973</u>
End of year	<u>667,142</u>	<u>2,481,287</u>
Actual Cash	<u>667,143</u>	<u>\$ 2,481,287</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	(539,375)	(729,161)
Depreciation and amortization	-	153
Contributions receivable	10,896	395,312
Prepaid expenses and security deposits	534	(534)
Grants payable	(60,787)	22,639
Accounts payable and accrued expenses	<u>(1,227,096)</u>	<u>35,741</u>
Other Payable		
Net cash provided by operating activities	<u>(1,815,827)</u>	<u>(275,850)</u>

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See accompanying notes to the financial statements.







GLOBAL DEVELOPMENT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

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.



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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:



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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. Since its inception in 2000, GDN has awarded roughly US\$ 4 million in research and project grants to finalists and winners. Nearly 8,800 researchers and development practitioners from low-income or middle-income countries have participated in the competition and more than 200 awards have been conferred till date.

Currently, on top of the implementation of the grants in the ORD category awarded (2019 edition) at GDN's annual conference in Bonn on 23-25 October 2019, GDN submitted a restructuring of the previous PHRD grant to develop an online platform to map and connect all previous grantees of the Competition including a launch event. This restructure addressed savings from the previous editions and therefore had not additional costs.

This year, due to the pandemic many constraints are in place with many flight bans, lockdowns and consequently canceled or postponed events. This has been having an impact not only on already ongoing projects but also on the planning of ongoing initiatives like the current edition of the Competition. In light of this, the entire selection will be conducted online including the Communications Training that the finalists are entitled to and the final presentation to a selected jury. Consequently, the MIDP category was postponed for 2021 since it would not be possible to do all the necessary site-visits and other aspects of the review of applications. In 2021, the Competition will have simultaneously the ORD and 3 different MIDP calls with a total of 12 awards to be given (ORD 2021 – 3 prizes; MIDP 2019 – 3 prizes, MIDP 2020 – 3 prizes and MIDP 2021 – 3 prizes) with 3 JSDF to follow upon the implementation of the MIDP awarded projects.

Over \$ 122,000 in 2020 and 244,000 in 2019 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 partnered with national research institutions from



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NOTE 2. ORGANIZATION AND TAX STATUS (CONTINUED)

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

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.

At the GDN Global Development Conference in Bonn, Germany, in October 2019, the 4 ongoing teams shared a panel to present their findings and were part of a side which explored common challenges and synergies from institutions working on strengthening social science research systems. A group of 35 among global technical agencies, researchers, policy makers and donors discussed the 'supply', the 'demand' and the interest of donors in a coordinated effort to step up system strengthening work across development countries.

Over the course of 2020, a webinar series focused on the results of the Doing Research Assessments in Bolivia, Indonesia, Myanmar and Nigeria has been underway associated with the public release of the reports. On each webinar, the report is presented and then discussed by representatives of different level of the system in the national and international level aiming to help guide national development action with key stakeholders. The program will continue expanding and being optimized informed by the input from the teams that just finished their implementation with El Salvador planned to start in November 2020.

- **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. Of the two institutions selected after a multi-stage and external selection process, only the Vietnamese grantee has been implemented, 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). The program, now closed, strengthened the case for demand-driven support to institutions through micro-grants, and supported the rethinking on the mentor's role, specifically in terms of the mentor's role in the evaluation of institutional change efforts.

Over \$ 66,000 in 2020 and \$ 254,000 in 2019 were spent on Research Capacity Building Project (RCBP).



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NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2020 and 2019, consists of the following:

Particulars	2020	2019
	Amt (In US\$)	Amt (In US\$)
COMPUTER EQUIPMENT	617	2,453
FURNITURE AND FIXTURES	NIL	NIL
VEHICLE	NIL	NIL
OFFICE EQUIPMENT	NIL	NIL
LESS ACCUMULATED DEPRECIATION	(617)	(770)
TOTAL	NIL	1,683

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	2020	2019
	Amt (In US\$)	Amt (In US\$)
Global Development Awards	83,930	115,311
Research Capacity Building Program	81,793	112,826
Total	165,723	228,137

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, 2020, and June 30, 2019, were:

Particulars	2020	2019
	Amt (In US\$)	Amt (In US\$)
Regional Research Competitions		
Global Development Awards	119,610	236,775
Research Capacity Building Program	64,205	247,259
Secretariat	519,875	532,394
Other		27,389
Total	703,690	1,043,817



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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, 2020.

Future minimum annual rental payments required under this operating lease as of June 30, 2020 is as follows:

Particulars	Amount (In US\$)
Year Ending June 30, 2020	2,449
Total	2,449

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, 2020 and 2019, GDN Inc. had balances that exceeded the federally insured amount by approximately \$ 0.42 million and \$ 2.23 million, respectively. There was no Cash in hand at the year end i.e. June 30, 2020. 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 63% of its total support and revenue from a single contributor for the year ended June 30, 2020.

NOTE 8. CONDITIONAL PROMISES TO GIVE

There are two 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 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, 2020, this conditional promise to receive grants totaled approximately CAD 41,300.
2. 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, 2020, this conditional promise to receive grants totaled approximately USD 242,987
3. Grantor agency's promise to give is conditioned upon GDN Inc. working on provision of 21 awards for 2018, 2019 and 2020 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 1,657,977 over 3 years ending June 30, 2026. As of June 30, 2020, this conditional promise to receive grants totaled approximately USD 1,657,977



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NOTE 9. GLOBAL DEVELOPMENT NETWORK'S RETIREMENT PLANS

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



Rajesh Kumar



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