

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Strategies for International Development

Opinion

We have audited the accompanying financial statements of Strategies for International Development (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, 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 Strategies for International Development as of December 31, 2022, and the changes in net assets and its 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 Strategies for International Development 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 the 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 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 Strategies for International Development'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. 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 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 Strategies for International Development'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 Strategies for International Development's ability to continue as a going concern for a reasonable period of time.

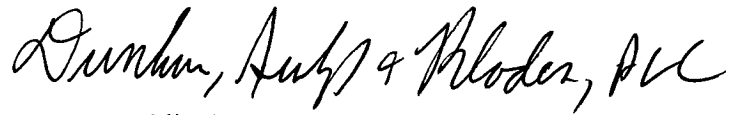
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of indirect cost rate computation and fringe benefits cost rate computation on pages 14 and 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Strategies for International Development's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Chantilly, Virginia

October 11, 2023

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

STATEMENT OF FINANCIAL POSITION

As of December 31, 2022

With Summarized Financial Information for 2021

	ASSETS	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 50,912	\$ 69,538
Prepaid expenses	-	500
Program loans receivable	<u>24,014</u>	<u>25,914</u>
Total Current Assets	<u>74,926</u>	<u>95,952</u>
Property and Equipment		
Property and equipment	53,040	46,046
Less: Accumulated depreciation	<u>(31,678)</u>	<u>(28,135)</u>
Total Property and Equipment	<u>21,362</u>	<u>17,911</u>
Other Assets		
Right-of-use asset	<u>1,858</u>	<u>-</u>
Total Assets	<u>\$ 98,146</u>	<u>\$ 113,863</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Operating lease liability, current	<u>\$ 1,858</u>	<u>\$ -</u>
Total Liabilities	<u>1,858</u>	<u>-</u>
Net Assets		
Without donor restrictions	50,560	44,554
With donor restrictions	<u>45,728</u>	<u>69,309</u>
Total Net Assets	<u>96,288</u>	<u>113,863</u>
Total Liabilities and Net Assets	<u>\$ 98,146</u>	<u>\$ 113,863</u>

The accompanying notes are an integral part of these financial statements.

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

With Summarized Financial Information for 2021

	<u>2022</u>			<u>2021</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues and Support				
Foundation and governmental grants	\$ -	\$ 198,500	\$ 198,500	\$ 164,500
Private contributions	6,006	59,266	65,272	44,028
Net assets released from donor restrictions	281,347	(281,347)	-	-
Total revenues and support	<u>287,353</u>	<u>(23,581)</u>	<u>263,772</u>	<u>208,528</u>
Expenses				
Program services:				
Increasing Rural Income				
Guatemalan Highlands				
- Alta Verapaz Regional Program	168,051	-	168,051	18,212
Uganda Central Region				
- Luweero District Regional Program	35,874	-	35,874	-
Peru Southern Sierra				
- Manco Capac Dairy and Credit Program	14,763	-	14,763	169,915
Total program services	<u>218,688</u>	<u>-</u>	<u>218,688</u>	<u>188,127</u>
Supporting services:				
Management and General				
	62,659	-	62,659	51,498
Total expenses	<u>281,347</u>	<u>-</u>	<u>281,347</u>	<u>239,625</u>
Change in Net Assets	6,006	(23,581)	(17,575)	(31,097)
Net Assets at Beginning of Year	<u>44,554</u>	<u>69,309</u>	<u>113,863</u>	<u>144,960</u>
Net Assets at End of Year	<u>\$ 50,560</u>	<u>\$ 45,728</u>	<u>\$ 96,288</u>	<u>\$ 113,863</u>

The accompanying notes are an integral part of these financial statements.

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2022 With Summarized Financial Information for 2021

	Program Services				Support Services		
	Increasing Rural Income Guatemala Highlands	Increasing Rural Income Luweero District Uganda	Increasing Rural Income Peru Southern Sierra	Total Program Services	Management and General	2022 Total	2021 Total
Salaries and payroll taxes	\$ 110,313	\$ 19,850	\$ 6,266	\$ 136,429	\$ 45,436	\$ 181,865	\$ 142,411
Travel and per diem	27,436	3,403	618	31,457	1,832	33,289	26,663
Other costs	7,568	3,180	1,896	12,644	70	12,714	14,355
Professional fees and consultants	477	6,736	1,002	8,215	5,467	13,682	21,844
Program supplies	13,097	-	-	13,097	-	13,097	11,011
Rent and utilities	2,871	525	3,117	6,513	5,580	12,093	10,742
Communications	3,530	45	580	4,155	2,136	6,291	6,523
Depreciation	990	-	1,262	2,252	1,291	3,543	2,646
Supplies and office expenses	708	1,633	22	2,363	847	3,210	1,821
Training and seminar costs	1,061	488	-	1,549	-	1,549	1,609
Printing and publications	-	14	-	14	-	14	-
Total	<u>\$ 168,051</u>	<u>\$ 35,874</u>	<u>\$ 14,763</u>	<u>\$ 218,688</u>	<u>\$ 62,659</u>	<u>\$ 281,347</u>	<u>\$ 239,625</u>

The accompanying notes are an integral part of these financial statements.

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2022 With Summarized Financial Information for 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (17,575)	\$ (31,097)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	3,543	2,646
Loss on disposal of assets	-	3,082
Decrease (increase) in prepaid expenses	500	(500)
Decrease in program loans receivable	1,900	5,582
Increase in right-of-use asset	(1,858)	-
Decrease in accounts payable and accrued expenses	-	(4,850)
Increase in operating lease liability	1,858	-
	<u>(11,632)</u>	<u>(25,137)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Proceeds from sale of property and equipment	-	3,873
Purchases of property and equipment	(6,994)	(10,997)
	<u>(6,994)</u>	<u>(7,124)</u>
Net cash used in investing activities		
Change in cash and cash equivalents	(18,626)	(32,261)
Cash and cash equivalents, beginning of year	<u>69,538</u>	<u>101,799</u>
Cash and cash equivalents, end of year	<u>\$ 50,912</u>	<u>\$ 69,538</u>

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Accounting Policies

Strategies for International Development (SID) is a U.S. private and voluntary organization which works to achieve the goals of international development: adequate diet, health, and housing, improved education, employment and rights for all residents of poor countries. SID helps make these goals a reality by designing, testing, and promoting better strategies for their achievement. SID focuses on two areas which need better strategies: (1) reclaiming soils and pastures as part of any effort to increase rural income; and (2) democracy through decentralization and citizen participation. Environmental and agricultural goals must be combined in order to achieve either of them, and there is a need for a strategy that does this. Building democracy at the local level is a new sector, and it lacks the methods and materials of more mature sectors such as health or education. Revenues are received through contributions and grants.

- a) Basis of Accounting – SID prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. SID is required to report information regarding its financial position and activities according to two classes of net assets:

Without Donor Restrictions – represents resources, which have met applicable award restrictions, and/or resources generated by sources other than from the award.

With Donor Restrictions – represents resources recognized as restricted support until such a time when all associated restrictions have been met or contains a stipulation that permanently restricted the use of such funds but allows earnings from the funds to be used in a certain manner prescribed by the donor.

- b) Support and Expenses – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. SID reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.
- c) Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand and cash held in foreign bank accounts. For purposes of the statements of cash flows, SID considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

- d) Grants Receivable – Grants receivable are presented at net realizable value. Management periodically reviews the status of grants receivable balances for collectibility. Each receivable balance is assessed based on management’s knowledge of and relationship with the customer and the age of the receivable balance. As of December 31, 2022 management believes all receivables to be collectible. Accordingly, no allowance for doubtful accounts has been established.
- e) Property and Equipment – Property and equipment are recorded at cost, less accumulated depreciation for all assets with an initial cost exceeding \$1,000. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets of three to five years. Expenditures for maintenance and repairs are charged against income as incurred; betterments that increase the value or materially extend the life of the related assets are capitalized.
- f) Use of Estimates – The presentation of financial statements in conformity with 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 amount of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.
- g) Income Taxes – SID is exempt from 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. SID is not a private foundation.
- h) Uncertain Tax Positions – As of December 31, 2022, SID has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended December 31, 2019 through 2021.
- i) Foreign Currency Translation – The U. S. dollar is the functional currency for SID’s operations worldwide. Transactions in currencies other than U. S. dollars are translated into 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 in dollars at the exchange rate in effect at the date of the Statement of Financial Position.
- j) Concentration of Credit and Market Risk – SID occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. SID has not experienced any losses on its cash and equivalents.

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

- k) Recently Issued Accounting Standards – In 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

SID adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 using a modified retrospective approach, with certain practical expedients available.

SID elected the available practical expedients to account for our existing operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, we recognized on January 1, 2022 a lease liability of \$6,938, which represents the present value of the remaining operating lease payments of \$7,440, discounted using our incremental borrowing rate of 1.4%, and a right-of-use asset of \$7,392. The standard had a material impact on our statement of financial position, but did not have an impact on our statement of activities, nor statement of cash flows. The most significant impact was the recognition of an ROU asset and lease liability for operating leases.

- l) Reclassifications – Certain items from the prior year have been reclassified to conform to the current year presentation.
- m) Leases – SID currently leases office space. SID determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on our statement of financial position.

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

m) Leases (Continued) – ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease arrangement does not contain any material residual value guarantees or material restrictive covenants.

n) Advertising – Advertising costs are expensed as incurred.

NOTE 2 – Functional Allocation of Expenses

SID's operating costs have been allocated between program and management and general based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenditures that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expenditure.

NOTE 3 – Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2022 consisted of the following:

Increasing Rural Income:	
Guatemala, Alta Verapaz Regional Program	\$45,728
Total	<u>\$45,728</u>

Net assets with donor restrictions at December 31, 2022 were released as follows:

Increasing Rural Income:	
Guatemala, Alta Verapaz Regional Program	\$236,347
Uganda, Luweero District Regional Program	<u>45,000</u>
Total	<u>\$281,347</u>

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – Lease Obligations

SID operates several field offices in various countries in Central America under various month-to-month lease arrangements. Total rent and utilities paid for these facilities were \$6,513 for the year ended December 31, 2022.

On January 1, 2020 a three-year lease extension was signed with the current landlord. The term of the lease agreement commenced on May 1, 2020 with monthly rental payments due in the amount of \$465. Monthly rent is due in the amount of \$465. Total rent payments were \$5,580 for the year ended December 31, 2022.

The components of lease expense were as follows:

Operating lease cost	<u>\$5,580</u>
Total lease expense	<u>\$5,580</u>

The minimum lease payments required under the operating lease in effect at December 31, 2022 are as follows:

2023	\$1,860
Less: Imputed interest	<u>(2)</u>
Total	<u>\$1,858</u>

NOTE 5 – Line of Credit

SID has a line of credit with a local bank in the amount of \$50,000, bearing interest at the prime rate plus 2.5% (currently 4.25%), expiring April 2023. As of December 31, 2022, there was no balance outstanding on this line of credit. Interest paid on the loan during the year ended December 31, 2022 was \$-0-.

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS (Concluded)

NOTE 6 – Liquidity and Availability of Financial Assets

SID has \$29,198 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Some of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. SID monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. SID has a goal to maintain financial assets on hand for 90 days of normal operating expenses in case of revenue shortfalls. This amount is on average \$65,000. SID has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

Cash and cash equivalents	\$ 50,912
Program loans receivable	24,014
Less: Temporarily restricted net assets	<u>(45,728)</u>
Total	<u>\$ 29,198</u>

NOTE 7 – Evaluation of Subsequent Events

SID has evaluated subsequent events through October 11, 2023, the date which the financial statements were available to be issued.

Subsequent to year end, the line of credit was extended through April 2024 under the same terms.

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

Schedules of Indirect Cost Rate Computation For the Years Ended December 31, 2022 and 2021

Cost Categories	Direct Expenses	Indirect Expenses	Total 2022	Total 2021
Salaries and payroll taxes	\$ 136,429	\$ 45,436	\$ 181,865	\$ 142,411
Travel and per diem	31,457	1,832	33,289	26,663
Other costs	11,617	1,097	12,714	14,355
Professional fees and consultants	8,215	5,467	13,682	21,844
Program supplies	13,097	-	13,097	11,011
Rent and utilities	6,513	5,580	12,093	10,742
Communications	4,155	2,136	6,291	6,523
Depreciation	3,279	264	3,543	2,646
Supplies and office expenses	2,363	847	3,210	1,821
Training and seminar costs	1,549	-	1,549	1,609
Printing and publications	14	-	14	-
Total	<u>\$ 218,688</u>	<u>\$ 62,659</u>	<u>\$ 281,347</u>	<u>\$ 239,625</u>

Computation of indirect cost rates:

2022	Allowable Indirect Expenses	\$ 62,659	=	=	28.65%
	-----	-----			
	Direct Expenses	\$ 218,688			
2021	Allowable Indirect Expenses	\$ 51,498	=	=	27.37%
	-----	-----			
	Direct Expenses	\$ 188,127			

STRATEGIES FOR INTERNATIONAL DEVELOPMENT

Schedules of Fringe Benefits Cost Rate Computation For the Years Ended December 31, 2022 and 2021

<u>Cost categories</u>	<u>Salaries</u>	<u>Payroll taxes and other fringe benefits</u>	<u>Totals 2022</u>	<u>Totals 2021</u>
International Personnel	\$ 35,359	\$ 10,077	\$ 45,436	\$ 37,007
Local Personnel	121,942	14,487	136,429	105,404
Totals	<u>\$ 157,301</u>	<u>\$ 24,564</u>	<u>\$ 181,865</u>	<u>\$ 142,411</u>

Computation of fringe benefits cost rates:	<u>2022</u>	<u>2021</u>
International Personnel	\$ 10,077 ----- = 28.50%	29.69%
	\$ 35,359	
Local Personnel	\$ 14,487 ----- = 11.88%	8.21%
	\$ 121,942	