DEVELOPMENT GATEWAY, INC.

Washington, D.C.

FINANCIAL STATEMENTS

June 30, 2022

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Development Gateway, Inc.
Washington, D.C.

Qualified Opinion

We have audited the financial statements of Development Gateway, Inc., (DG), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects on the accompanying 2022 financial statements of not consolidating DG with International Research & Exchanges Board, Inc. (IREX) as explained in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Development Gateway as of June 30, 2022 and 2021, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the 2022 Financial Statements

DG's financial statements are not consolidated with the financial statements of IREX. In our opinion, consolidation is required by accounting principles generally accepted in the United States of America.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 DG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the 2022 financial statements and for our opinion on the 2021 financial statements.

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 DG's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS and *Government 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 GAAS and *Government 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 DG'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 DG'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (the schedule), as required by Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards 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 schedule has been subjected to the auditing procedures applied in the audits 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 schedule is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of Development Gateway, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Development Gateway's internal control over financial reporting and compliance.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
October 27, 2022

DEVELOPMENT GATEWAY, INC.

Statements of Financial Position
June 30, 2022 and 2021

Assets	**2022**	**2021**
Current Assets		
Cash and cash equivalents	$ 4,159,419	$ 4,691,555
Grants and contracts receivable, net	1,520,769	4,685,101
Deferred rent asset	12,810	18,164
Prepaid expenses and other assets	117,825	95,015
Total current assets	5,810,823	9,489,835
Noncurrent Assets		
Grants and contracts receivable, net of current portion	2,006,443	195,387
Investments, at fair value	2,920,860	- -
Total noncurrent assets	4,927,303	195,387
Total assets	$ 10,738,126	$ 9,685,222
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 730,320	$ 574,924
Note payable	2,031	1,568
Letter of credit loan payable	- -	23,667
Deferred revenue	30,354	41,123
Total current liabilities	762,705	641,282
Noncurrent Liabilities		
Accounts payable and accrued liabilities	706,373	308,037
Note payable	997,969	148,432
Letter of credit loans payable	136,161	136,161
Deferred rent liability	184,460	171,841
Total noncurrent liabilities	2,024,963	764,471
Total liabilities	2,787,668	1,405,753
Net Assets		
Without donor restrictions	(1,196,461)	(385,959)
With donor restrictions	9,146,919	8,665,428
Total net assets	7,950,458	8,279,469
Total liabilities and net assets	$ 10,738,126	$ 9,685,222

See Notes to Financial Statements.

DEVELOPMENT GATEWAY, INC.

Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contracts	$ 1,601,246	$ 6,155,507	$ 7,756,753
Net assets released from restrictions	5,674,016	(5,674,016)	- -
Total support and revenue	7,275,262	481,491	7,756,753
Expenses			
Program Services:			
Resource Governance (RG)	158,074	- -	158,074
Effective Service Delivery (ESD)	4,958,182	- -	4,958,182
Data Strategy Policy (DSP)	1,033,243	- -	1,033,243
Other	8,623	- -	8,623
Total program services	6,158,122	- -	6,158,122
Supporting Services:			
Management and general	1,194,749	- -	1,194,749
Fundraising	261,190	- -	261,190
Total supporting services	1,455,939	- -	1,455,939
Total expenses	7,614,061	- -	7,614,061
Net changes from operations	(338,799)	481,491	142,692
Other Income (Expense)			
Rental (loss)	(398,336)	- -	(398,336)
Investment (loss), net	(73,367)	- -	(73,367)
Net other income (expense)	(471,703)	- -	(471,703)
Changes in net assets	(810,502)	481,491	(329,011)
Net assets, beginning of year	(385,959)	8,665,428	8,279,469
Net assets, end of year	$ (1,196,461)	$ 9,146,919	$ 7,950,458

See Notes to Financial Statements.

DEVELOPMENT GATEWAY, INC.

Statement of Activities

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contracts	$ 2,561,866	$ 712,012	$ 3,273,878
Net assets released from restrictions	4,137,393	(4,137,393)	- -
Total support and revenue	6,699,259	(3,425,381)	3,273,878
Expenses			
Program Services:			
Resource Governance (RG)	608,227	- -	608,227
Effective Service Delivery (ESD)	4,384,432	- -	4,384,432
Data Strategy Policy (DSP)	477,352	- -	477,352
Total program services	5,470,011	- -	5,470,011
Supporting Services:			
Management and general	962,412	- -	962,412
Fundraising	156,602	- -	156,602
Total supporting services	1,119,014	- -	1,119,014
Total expenses	6,589,025	- -	6,589,025
Net changes from operations	110,234	(3,425,381)	(3,315,147)
Other Income (Expense)			
Paycheck Protection Program loan forgiveness	298,744	- -	298,744
Rental income (loss)	(393,723)	- -	(393,723)
Other income	7,383	- -	7,383
Net other income (expense)	(87,596)	- -	(87,596)
Changes in net assets	22,638	$ (3,425,381)	(3,402,743)
Net assets, beginning of year	(408,597)	12,090,809	11,682,212
Net assets, end of year	$ (385,959)	$ 8,665,428	$ 8,279,469

See Notes to Financial Statements.

DEVELOPMENT GATEWAY, INC.

Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	$ (329,011)	$ (3,402,743)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Paycheck Protection Program loan forgiveness	- -	(298,744)
Net realized and unrealized investment losses	97,468	- -
Decrease (increase) in:		
Grants and contracts receivable	1,353,276	3,297,592
Accounts receivable	- -	(114,651)
Deferred rent asset	5,354	(18,164)
Prepaid expenses and other assets	(22,810)	251,387
Increase (decrease) in:		
Accounts payable and accrued liabilities	553,732	470,337
Deferred revenue	(10,769)	(126,332)
Deferred rent liability	12,619	2,548
Net cash provided by operating activities	1,659,859	61,230
Cash Flows from Investing Activities		
Proceeds received from the sale of investments	1,240,956	- -
Purchases of investments	(4,259,284)	- -
Net cash (used in) investing activities	(3,018,328)	- -
Cash Flows from Financing Activities		
Proceeds from note payable	850,000	150,000
Payment on letter of credit loan payable	(23,667)	- -
Net cash provided by financing activities	826,333	150,000
Net change in cash and cash equivalents	(532,136)	211,230
Cash and Cash Equivalents, beginning of year	4,691,555	4,480,325
Cash and Cash Equivalents, end of year	$ 4,159,419	$ 4,691,555

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies and General Information

Organization

Development Gateway, Inc. (referred to as DG) is a not-for-profit organization based in Washington, D.C. whose mission is to reduce poverty and enable change in developing nations through information technology.

DG accomplishes its mission via the focus areas noted below:

1) Resource Governance: DG has a strong footprint in public financial management, beginning with the aid effectiveness agenda and continuing through contracting and extractives data management. DG serves as a link to country-level users of global data standards, providing critical feedback on what governments and civil society need in order to better use data.

2) Effective Service Delivery: DG builds digital tools through an agile, user-centered process, and deliver stable, powerful systems to inform decisions. All of DG's systems are built using open source, modular components – making them easy to adopt, maintain and scale.

3) Data Strategy and Policy: DG collaborates with development actors and partnerships to prioritize smart investments in data and information systems; incentivize and empower users; and strengthen the impact of data in decision-making.

4) Other: These are projects which IREX has traditionally worked on (media and disinformation; and education) that previously were not DG focus areas. As of the release of the new DG strategy in the summer, these sectors are now within DG's priority areas.

Beginning around March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, have been impacted for months and beyond. Governments and their citizens have taken significant and unprecedented measurers to mitigate the consequences of the pandemic. Management continues to monitor the situation and evaluate its options. No adjustments have been made to these financial statements as a result of this uncertainty.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting.

Cash and Cash Equivalents

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

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, DG may maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal. DG has not experienced any losses on its accounts.

Functional Currency

DG incurs transactions in foreign currencies. All amounts reported in the financials have been translated to U.S. Dollars using the exchange rate at the time of the transaction. Any exchange rate gains and losses are included in grants and contracts revenue in the accompanying Statements of Activities. The U.S. Dollar is considered to be the functional and reporting currency of DG.

Grants and Contracts Receivable

Receivables are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer/donor. As of June 30, 2022 and 2021, there was an allowance for doubtful accounts of $15,447 and $12,798, respectively.

Investments

DG records investments at fair market value in the statement of financial position. Investment return is reflected in the statement of activities, net of fees. Investment return, net consisted of the following as of June 30, 2022:

Interest and dividends	$	29,290
Realized and unrealized (losses)		(97,468)
Investment fees		(5,189)
Total	$	(73,367)

Fair Value of Financial Instruments

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the standards are described as follows:

> Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
>
> Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For the year ended June 30, 2022, the application of valuation technique applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The carrying amounts of DG's financial instruments not described above arise in the ordinary course of business and approximate fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although DG believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Income Taxes

DG is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code; additionally, DG is not a private foundation. As such, DG is taxed only on its net unrelated business income. No provision for income taxes has been made in the accompanying financial statements for the years ended June 30, 2022 and 2021, as there was no net unrelated business income.

Uncertain Tax Positions

For the years ended June 30, 2022 and 2021, DG has documented their consideration of FASB ASC 740-10, *Income Taxes,* that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net Asset Classification

The net assets of DG are reported in two groups as follows:

- **Net assets without donor restrictions** include amounts received without donor-imposed restrictions. These net assets are available for the operation of DG.

- **Net assets with donor restrictions** includes amounts received subject to donor-imposed stipulations that will be met by the actions of DG and/or the passage of time.

Revenue Recognition

Revenue Recognition Methodology for Exchange Transactions

For exchange transactions, DG recognizes revenue in accordance with Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

For any amounts received in advance and for which performance obligations have not been satisfied, a contract liability (deferred revenue) is recorded.

Revenue Recognition Methodology for Contributions

Contributions are recognized as revenue when they are received or unconditionally promised.

DG reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limited the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Gifts of land, property and equipment are presented as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, DG reports expirations of donor restrictions when the donated or acquired long lived assets are placed in service.

Donor-restricted contributions whose restrictions are met in the same year as received are classified as contributions without donor restrictions in the accompanying financial statements.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized, or are treated as a refundable advance, until the conditions on which they depend have been met.

Revenue Streams

DG's revenue consists of federal funding, grants, contracts, rental and other income.

DG's federal funding is considered an exchange transaction and is subject to contractual restrictions which must be met through incurring qualifying expenses for particular programs. Revenue is recorded to the extent that related expenses are incurred in compliance with the criteria stipulated in the agreements.

Grants received by DG are considered contributions and are restricted by donor stipulations that limit the use of the donated assets. These grants are recognized as revenue when they are received. Any grants that have been unconditionally promised and for which amounts have not been received as of year-end are included in grants and contracts receivable in the accompanying Statements of Financial Position.

Contracts are considered exchange transactions and are recorded as unrestricted revenue as reimbursable costs are incurred or on a percentage of completion of project milestones (if a fixed price agreement). Revenue recognized on contracts for which billings have not been billed or received as of year-end is included in grants and contracts receivable in the accompanying Statements of Financial Position. Contract funding received in advance of incurring the related expenses is recorded as deferred revenue in the accompanying Statements of Financial Position.

Other exchange transactions include rental income (or loss) and other income. Refer to rental income (or loss) referenced in Note 9. Other income is recognized at a point in time, when received.

Use of Estimates

The preparation of 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 schedules of functional expenses. Certain costs have been allocated among program services, management and general, and fundraising. Such allocations have been made by management on an equitable basis. Salaries and related benefits have been allocated based on time and effort. All are other expenses are allocated directly.

Upcoming Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for DG for its year ending June 30, 2023. Early adoption is permitted. DG is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

Note 2. Liquidity and Availability of Resources

DG has the following financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. DG has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	2022	2021
Financial assets, at year-end		
Cash and cash equivalents	$ 4,159,419	$ 4,691,555
Grants and contracts receivable, net, current portion only	1,520,769	4,685,101
Investments, at fair value	2,920,860	- -
	8,601,048	9,376,656
Less those unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions	$ 9,146,919	$ 8,665,428
(Less) grants receivable due in greater than one year	(1,811,056)	- -
Financial assets not available to be used within one year	7,335,863	8,665,428
Financial assets available to meet cash needs for general expenditure within one year	$ 1,265,185	$ 711,227

Note 3. Commitments

DG rented office space (located at 1110 Vermont Avenue, NW, Washington, D.C.) under a lease which commenced on April 1,2014 and was set to expire on July 31, 2024. The lease agreement was signed in conjunction with another tenant (referred to as "co-tenant").

During fiscal year 2021, DG signed a lease agreement in conjunction with another tenant for office space located at 1100 13th Street, N.W., Washington, D.C. The lease agreement commenced on March 1, 2021 and is set to expire on March 1, 2033.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability (or asset) on the accompanying Statements of Financial Position. As of June 30, 2022 and 2021, the deferred rent liability (net of asset) aggregated to $171,650 and $153,677, respectively.

The following is a schedule of the future minimum payments:

Year Ending June 30,	
2023	$ 182,801
2024	188,285
2025	193,933
2026	199,751
2027	205,744
Thereafter	1,287,652
	$ 2,258,166

Occupancy expense, as recognized in the Statements of Activities, for the years ended June 30, 2022 and 2021, totaled $206,957 and $165,529, respectively.

Note 4. Letters of Credit

Upon signing the lease agreement (discussed in Note 3, for 1100 Vermont Avenue), the landlord required a security deposit of $194,316 due in the form of a letter of credit. DG was responsible for $123,316 and the co-tenant was responsible for the remaining $71,000 (initial contribution). The entire letter of credit was established by DG and was held in cash and cash equivalents in the accompanying Statements of Financial Position. The tenants shall deliver to landlord a consent to an amendment to the letter of credit reducing the amount of the letter of credit. On April 17, 2020, the landlord accepted an amendment to the letter of credit. As of June 30, 2022 and 2021, the balance of the letter of credit was $0 and $64,772, respectively. DG was responsible for paying the co-tenant their initial contribution to the letter of credit. Remaining amount due by DG to the co-tenant was $0 and $23,667 as of June 30, 2022 and 2021, respectively.

During fiscal year 2020, DG paid a security deposit in the form of a letter of credit related to the new lease (discussed in Note 3, for 1100 13th Street). The security deposit, in the amount of $272,323, is held in cash and cash equivalents in the accompanying Statements of Financial Position. DG is responsible for paying the co-tenant their initial contribution to the letter of credit. Remaining amount due by DG to the co-tenant is $136,161 as of June 30, 2022 and 2021.

Note 5. Investments and Fair Value Measurements

As of June 30, 2022, DG investments consisted of the following:

	Cost	Fair Market Value	Unrealized (Losses)
Cash and cash equivalents	$ 15,345	$ 15,345	$ - -
Fixed income	377,988	377,971	(17)
Mutual funds	2,595,145	2,527,544	(67,601)
Total	$ 2,988,478	$ 2,920,860	$ (67,618)

DG had no investments as of June 30, 2021.

The following table presents the balance of financial assets measured at fair value on a recurring basis as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 15,345	$ - -	$ - -	$ 15,345
Fixed income	377,971	- -	- -	377,971
Mutual funds	2,527,544	- -	- -	2,527,544
Total	$ 2,920,860	$ - -	$ - -	$ 2,920,860

Note 6. Note Payable

As of June 30, 2021, DG had a $150,000 collateralized note payable (Economic Injury Disaster Loan) authorized by the U.S. Small Business Administration. The date of the note was October 26, 2020; installment payments, including principal and interest, were to begin twelve (12) months from the date of the promissory note. The note matures in October of 2050. Interest accrues at a rate of 2.75% per annum. Proceeds from the loan are to be used for working capital to alleviate economic injury caused by the global pandemic COVID-19. On January 11, 2022, the collateralized loan was amended from $150,000 to $1,000,000. Installment payments, including principal and interest, are to begin thirty (30) months from the date of the promissory note. Aggregate maturities of the note payable during the next five fiscal years are: 2023, $2,031; 2024, $24,743; 2025, $25,432; 2026, $26,140; 2027, $26,868 and $894,786 thereafter.

As of June 30, 2020, DG had a $298,744 note payable, uncollateralized, to Bank of America, administered by the U.S. Small Business Administration, and fully guaranteed by the U.S. Government. DG applied for and received this loan under the Paycheck Protection Program, a program enacted as a result of COVID-19. Interest was at 1%. Proceeds were to be used for certain business expenses, including payroll, employee benefits, rent, utilities and interest on debt obligations. During fiscal year 2021, the note was forgiven in full and recognized as revenue in the Statement of Activities.

Note 7. Retirement Plan

DG maintains a 403(b) defined contribution retirement plan (the "Plan") for all-full-time employees.

Under the terms of the Plan, DG contributes the equivalent of 4% of the employee's annual compensation to each employee retirement account. Employees are enrolled in the Plan at the time of hire and are immediately vested 100% in employer contributions made to their account. Employees may also elect to have a portion of their compensation contributed to the Plan on a pre-tax basis.

During the years ended June 30, 2022 and 2021, contributions to the Plan totaled $63,530 and $63,590, respectively, and were included in salaries and related benefits expense in the accompanying schedules of functional expenses. As of June 30, 2022 and 2021, $16,841 and $15,093, respectively, of such expenses were accrued and included in accounts payable and accrued liabilities in the accompanying Statements of Financial Position.

Note 8. Contingency

DG receives awards from various agencies of the United States Government. Such awards are subject to audit under the provisions of Title 2 *U.S. Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The ultimate determination of amounts received under the United States Government awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2022. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Note 9. Collaborative Arrangement

In 2012, DG and another nonprofit established OpenGov Hub (OGH), which is governed and supported by an MOU between the two parties. The purpose of OGH is to serve as a center for collaboration, learning and innovation on issues related to promoting open government reforms and to house the organizations that pursue these causes. Under the MOU, both parties equally share in the profits and losses of OGH, as well as the related financial obligations. Transactions related to OGH are recorded in accordance with Accounting for Collaborative Agreements (FASB ASC 808 "Collaborative Arrangements"). Under such guidance, DG is interpreted to be the "secondary" party and the other nonprofit is interpreted to be the "principal" in the arrangement. Accordingly, DG only records OGH transactions to the extent of the net profit (loss) due at the end of each fiscal year.

As of June 30, 2022 and 2021, accounts payable in the accompanying Statements of Financial Position includes an amount of $706,373 and $308,037, respectively, with the other nonprofit. The accompanying Statements of Activities includes rental loss in the amounts of $398,336 and $393,723, respectively, for the years ended June 30, 2022 and 2021 as a result of the arrangement mentioned above.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Administrative Work in Africa	$ - -	$ 46,698
Extractive Data in West Africa	- -	49,818
Digital Public	202,409	- -
Open Heroine	1,861	1,861
Open Heroine Extension	154,837	199,715
Digital Activism Guide	90,000	30,000
Fertilizer Dashboard for Africa	3,388,095	1,446,521
Monitoring Seed Systems	698,671	2,379,047
Tobacco Data in Africa	2,736,782	4,511,768
Digital Advisory Support Services for Accelerated Rural Transformation	1,874,264	- -
	$ 9,146,919	$ 8,665,428

Net assets released from donor restrictions were as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Administrative Work in Africa	$ 46,698	$ 162,147
Extractive Data in Nigeria	- -	38,115
Extractive Data in West Africa	49,818	50,182
Digital Public	397,591	- -
Open Heroine	- -	29,176
Open Heroine Extension	44,877	285
Digital Activism Guide	- -	30,000
Fertilizer Dashboard for Africa	1,556,934	1,571,005
Monitoring Seed Systems	1,680,376	1,066,034
Tobacco Data in Africa	1,774,986	1,024,907
Open Contracting Data in Uganda and Senegal Phase 2	- -	165,542
Digital Advisory Support Services for Accelerated Rural Transformation	122,736	- -
	$ 5,674,016	$ 4,137,393

Note 11. Related Party Transactions

One of DG's board members served as the Executive Director for a subcontractor used by DG. During fiscal year 2021, DG made payments in the amount of $16,022 to this subcontractor. This relationship was not appliable during fiscal year 2022.

In October 2021, DG entered into an MOU with IREX to undertake a mutual collaboration in shared areas of interest to increase their impact in the areas of youth empowerment, education, transparency and accountability of public and civic institutions and data driven decision-making. This MOU positions DG as a subsidiary of IREX. During fiscal year 2022, total transactions between IREX and DG amounted to $10,254. Accounts receivable in the accompanying Statement of Financial Position includes an amount of $10,254 due from IREX.

Note 12. Revenue Concentration

During fiscal years 2022 and 2021, DG received a significant amount of its support from two grantors. Support received from these grantors was $5,495,507 and $202,012 during the years ended June 30, 2022 and 2021, respectively.

Note 13. Subsequent Events

In preparing these financial statements, DG has evaluated all subsequent events through October 27, 2022, the date the financial statements were available to be issued. There were no subsequent events identified that are required to be recognized or disclosed in these financial statements.

Note 14. Schedules of Functional Expenses

The schedule of functional expenses was as follows for the year ended June 30, 2022:

	2022								
	Program Services					Supporting Services			
	RG	ESD	DSP	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and related benefits	$ 43,465	$ 1,009,060	$ 177,981	$ 4,908	$ 1,235,414	$ 590,574	$ 182,430	$ 773,004	$ 2,008,418
Printing and shipping	147	2,772	87	- -	3,006	1,013	- -	1,013	4,019
Subcontracted services	31,050	2,041,424	578,688	- -	2,651,162	- -	- -	- -	2,651,162
Occupancy	- -	4,112	- -	- -	4,112	202,845	- -	202,845	206,957
Accounting and audit	- -	- -	- -	- -	- -	61,706	- -	61,706	61,706
Legal fees	- -	- -	- -	- -	- -	8,999	- -	8,999	8,999
Corporate insurance	- -	- -	309	- -	309	64,201	- -	64,201	64,510
Telephone and internet	404	3,201	- -	- -	3,605	1,138	- -	1,138	4,743
Travel	383	85,883	12,945	- -	99,211	18,228	1,839	20,067	119,278
Contracted services	75,764	1,749,587	262,014	3,715	2,091,080	127,378	70,519	197,897	2,288,977
Office supplies	- -	371	- -	- -	371	966	- -	966	1,337
Staff recruitment and awards	- -	525	- -	- -	525	4,000	420	4,420	4,945
Training, meetings and conferences	- -	33,828	919	- -	34,747	9,730	457	10,187	44,934
Marketing and management fees	- -	1,481	- -	- -	1,481	- -	1,579	1,579	3,060
Other and fees	41	2,256	8	- -	2,305	36,796	26	36,822	39,127
Information technology	6,820	23,682	292	- -	30,794	47,693	3,920	51,613	82,407
Bad debt	- -	- -	- -	- -	- -	2,671	- -	2,671	2,671
Interest	- -	- -	- -	- -	- -	16,811	- -	16,811	16,811
Total	$ 158,074	$ 4,958,182	$ 1,033,243	$ 8,623	$ 6,158,122	$ 1,194,749	$ 261,190	$ 1,455,939	$ 7,614,061

The schedule of functional expenses was as follows for the year ended June 30, 2021:

	2021							
	Program Services				Supporting Services			
	RG	ESD	DSP	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and related benefits	$ 114,050	$ 1,191,441	$ 127,569	$ 1,433,060	$ 411,959	$ 107,708	$ 519,667	$ 1,952,727
Printing and shipping	316	4,198	14	4,528	2,157	63	2,220	6,748
Subcontracted services	34,240	1,718,230	177,995	1,930,465	13,969	- -	13,969	1,944,434
Occupancy	- -	1,169	- -	1,169	164,360	- -	164,360	165,529
Accounting and audit	- -	- -	- -	- -	58,353	- -	58,353	58,353
Legal fees	- -	- -	- -	- -	6,823	- -	6,823	6,823
Corporate insurance	- -	- -	- -	- -	70,067	- -	70,067	70,067
Telephone and internet	27	6,268	90	6,385	1,120	- -	1,120	7,505
Travel	6,594	41,284	187	48,065	4,979	- -	4,979	53,044
Contracted services	449,724	1,264,735	164,181	1,878,640	122,981	44,436	167,417	2,046,057
Office supplies	- -	981	52	1,033	378	- -	378	1,411
Staff recruitment and awards	- -	1,666	295	1,961	105	- -	105	2,066
Training, meetings and conferences	256	47,249	3,399	50,904	12,240	- -	12,240	63,144
Marketing and management fees	- -	4,962	- -	4,962	325	3,295	3,620	8,582
Other and fees	146	8,414	101	8,661	31,137	1,100	32,237	40,898
Information technology	2,874	93,835	3,469	100,178	63,123	- -	63,123	163,301
Bad debt (recovery)	- -	- -	- -	- -	(1,664)	- -	(1,664)	(1,664)
Total	$ 608,227	$ 4,384,432	$ 477,352	$ 5,470,011	$ 962,412	$ 156,602	$ 1,119,014	$ 6,589,025

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Development Gateway, Inc.
Washington, D.C.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Development Gateway, Inc. (DG), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DG's internal control. Accordingly, we do not express an opinion on the effectiveness of DG's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of DG's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether DG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
October 27, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Development Gateway, Inc.
Washington, D.C.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Development Gateway, Inc. (DG)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on DG's major federal program for the year ended June 30, 2022. DG's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, DG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion On Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of DG and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of DG's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to DG's federal programs.

Auditor Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on DG's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about DG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 DG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of DG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of DG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
October 27, 2022

DEVELOPMENT GATEWAY, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Subrecipients	Total Federal Expenditures
United States Agency for International Development - Foreign Assistance for Programs Overseas				
Passed through The College of William and Mary:				
Haiti Buy-In	98.001	741719-E	$ - -	$ 15,445
United States Department of Agriculture				
Passed through Cultivating New Frontiers in Agriculture				
PRO-Cashew Project	10.606	PRO-Cashew-2020-001	- -	625,097
United States Small Business Administration				
Disaster Assistance Loans (Economic Injury Disaster Loans)	59.008	N/A	- -	850,000
Total Expenditures of Federal Awards			$ - -	$ 1,490,542

See Notes to the Schedule of Expenditures of Federal Awards.

DEVELOPMENT GATEWAY, INC.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the Federal award activity of DG under programs of the Federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of DG, it is not intended to and does not present the financial position, changes in net assets or cash flows of DG.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Reconciliation of Schedule of Expenditures of Federal Awards to the Financial Statements

Federal grants and contracts	$ 1,490,542
Plus: nonfederal grants and contracts	6,266,211
Grants and contracts per Statement of Activities	$ 7,756,753

Note 4. Indirect Cost Rate

Development Gateway, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5. Outstanding Loan of Federal Funds

DG had an outstanding loan of $1,000,000 with the Small Business Administration as of June 30, 2022. The $850,000 reported on DG's schedule of expenditures of federal awards for the year ended June 30, 2022 represents the amount received by DG during the year ended June 30, 2022. The amount of $150,000, received during the year ended June 30, 2021, is not required to be reported on the schedule of expenditures of federal awards beyond the year in which it is received; therefore, $150,000 is excluded from the schedule of expenditures of federal awards for the year ended June 30, 2022.

DEVELOPMENT GATEWAY, INC.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	**Qualified**			
Internal control over financial reporting:				
• Material weakness(es) identified?	____	Yes	X	No
• Significant deficiency(ies) identified?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	____	Yes	X	No
• Significant deficiency(ies) identified?	____	Yes	X	None Reported
Type of auditor's report issued on compliance for major federal programs:	**Unmodified**			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____	Yes	X	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
59.008	Disaster Assistance Loans (Economic Injury Disaster Loans)

Dollar threshold used to distinguish between Type A and B programs	$750,000			
Auditee qualified as a low-risk auditee?	X	Yes	____	No

Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2022

Section II – Financial Statement Findings

None.

Section III – Findings and Questioned Costs for Federal Awards

None.

Section IV – Summary Schedule of Prior Audit Findings

None.