DEVELOPMENT GATEWAY, INC.

Washington, D.C.

FINANCIAL STATEMENTS

June 30, 2023

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, 2023 and 2022, 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 2023 and 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, 2023 and 2022, 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

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.

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 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, 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.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
November 10, 2023

DEVELOPMENT GATEWAY, INC.

Statements of Financial Position
June 30, 2023 and 2022

Assets	**2023**	**2022**
Current Assets		
Cash and cash equivalents	$ 5,193,855	$ 4,159,419
Grants and contracts receivable, net	6,354,769	1,520,769
Deferred rent asset	- -	12,810
Prepaid expenses and other assets	86,800	117,825
Total current assets	11,635,424	5,810,823
Noncurrent Assets		
Grants and contracts receivable, net of current portion, less discount	2,421,495	2,006,443
Right of use assets - operating	1,485,620	- -
Investments, at fair value	- -	2,920,860
Total noncurrent assets	3,907,115	4,927,303
Total assets	$ 15,542,539	$ 10,738,126
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,555,500	$ 730,320
Current portion of lease liabilities - operating	173,238	- -
Deferred revenue	92,584	30,354
Total current liabilities	1,821,322	760,674
Noncurrent Liabilities		
Equity in collaborative agreement	772,373	706,373
Note payable	1,000,000	1,000,000
Letter of credit loans payable	136,161	136,161
Lease liabilities - operating, less current portion	1,480,823	- -
Deferred rent liability	- -	184,460
Total noncurrent liabilities	3,389,357	2,026,994
Total liabilities	5,210,679	2,787,668
Net Assets		
Without donor restrictions	(1,417,881)	(1,196,461)
With donor restrictions	11,749,741	9,146,919
Total net assets	10,331,860	7,950,458
Total liabilities and net assets	$ 15,542,539	$ 10,738,126

See Notes to Financial Statements.

DEVELOPMENT GATEWAY, INC.

Statement of Activities

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contracts	$ 2,980,289	$ 8,506,779	$ 11,487,068
Net assets released from restrictions	5,903,957	(5,903,957)	- -
Total support and revenue	8,884,246	2,602,822	11,487,068
Expenses			
Program Services:			
Resource Governance (RG)	361,168	- -	361,168
Effective Service Delivery (ESD)	5,695,289	- -	5,695,289
Data Strategy Policy (DSP)	1,437,408	- -	1,437,408
Other	19,571	- -	19,571
Total program services	7,513,436	- -	7,513,436
Supporting Services:			
Management and general	1,370,868	- -	1,370,868
Business development	338,488	- -	338,488
Total supporting services	1,709,356	- -	1,709,356
Total expenses	9,222,792	- -	9,222,792
Net changes from operations	(338,546)	2,602,822	2,264,276
Other Income (Expense)			
Other Income	4,353	- -	4,353
Rental (loss)	(66,000)	- -	(66,000)
Investment income, net	178,773	- -	178,773
Net other income	117,126	- -	117,126
Changes in net assets	(221,420)	2,602,822	2,381,402
Net assets, beginning of year	(1,196,461)	9,146,919	7,950,458
Net assets, end of year	$ (1,417,881)	$ 11,749,741	$ 10,331,860

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 income (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.

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	$ 2,381,402	$ (329,011)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized investment (gain) loss	(36,052)	97,468
Amortization of right of use asset - operating leases	130,391	- -
Decrease (increase) in:		
Grants and contracts receivable	(5,249,052)	1,353,276
Deferred rent asset	12,810	5,354
Prepaid expenses and other assets	31,025	(22,810)
Increase (decrease) in:		
Accounts payable and accrued liabilities	825,180	553,732
Deferred revenue	62,230	(10,769)
Lease liabilities - operating	(133,600)	- -
Equity in collaborative agreement	66,000	- -
Deferred rent liability	(12,810)	12,619
Net cash (used in) provided by operating activities	(1,922,476)	1,659,859
Cash Flows from Investing Activities		
Proceeds received from the sale of investments	2,956,912	1,240,956
Purchases of investments	- -	(4,259,284)
Net cash provided by (used in) investing activities	2,956,912	(3,018,328)
Cash Flows from Financing Activities		
Proceeds from note payable	- -	850,000
Payment on letter of credit loan payable	- -	(23,667)
Net cash provided by financing activities	- -	826,333
Net change in cash and cash equivalents	1,034,436	(532,136)
Cash and Cash Equivalents, beginning of year	4,159,419	4,691,555
Cash and Cash Equivalents, end of year	$ 5,193,855	$ 4,159,419
Noncash Investing and Financing Activities		
Right-of-use asset - operating lease recognized with adoption of ASC 842 *Leases*	$ 1,616,011	$ - -
Lease liability - operating lease recognized with adoption of ASC 842 *Leases*	$ 1,787,661	$ - -

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: Media and disinformation; and education.

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. Unconditional promises to give that are due beyond one year of the statement of financial position date are reflected at the present value of the estimated future cash flows using a discount rate of 4.5 % at June 30, 2023. The discount at June 30, 2023 and 2022 was $371,550 and $0, respectively. 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, 2023 and 2022, there was an allowance for doubtful accounts of $21,701 and $15,447, respectively.

	2023	2022
Amounts due in:		
Less than one year	$ 6,354,769	$ 1,520,769
One to five years	2,421,495	2,006,443
Total	$ 8,776,264	$ 3,527,212

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, 2023:

	2023	2022
Interest and dividends	$ 148,653	$ 29,290
Realized and unrealized	36,052	(97,468)
Investment fees	(5,932)	(5,189)
Total	$ 178,773	$ (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, 2023, 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, 2023 and 2022, as there was no net unrelated business income.

Uncertain Tax Positions

For the years ended June 30, 2023 and 2022, 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.

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The DG adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the DG has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the DG's historical accounting treatment under ASC Topic 840, Leases.

The DG elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Dg does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. DG has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

DG determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) DG obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. DG also considers whether its service arrangements include the right to control the use of an asset.

DG made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, DG made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded invariable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

DG has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to DG, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of ROU assets and lease liabilities at July 1, 2022 of $1,616,011 and $1,787,661, respectively.

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.

	2023	2022
Financial assets, at year-end		
Cash and cash equivalents	$ 5,193,855	$ 4,159,419
Grants and contracts receivable, net	8,776,264	3,527,212
Investments, at fair value	- -	2,920,860
	13,970,119	10,607,491
Less those unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions (includes grants due in greater than one year)	11,749,741	9,146,919
Grants receivable due in greater than one year without restriction	204,066	195,387
Financial assets not available to be used within one year	11,953,807	9,342,306
Financial assets available to meet cash needs for general expenditure within one year	$ 2,016,312	$ 1,265,185

Note 3. Leases

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.

As of June 30, 2023 and 2022, the deferred rent liability (net of asset) aggregated to $0 and $171,650, respectively. Total occupancy expense for office space was $196,592 and $206,958 for the years ended June 30, 2023 and 2022, respectively As of June 30, 2023, DG's weighted average discount rate for its finance lease was 2.88%, and the weighted average remaining lease term was 9.67 years.

The following table summarizes the maturity of DG's operating lease liabilities on an undiscounted cash flow basis and a reconciliation to the lease liabilities recognized in DG's statement of financial position.

The following is a schedule of the future minimum payments:

2024	$ 173,238
2025	178,435
2026	183,788
2027	189,301
2028	194,980
Thereafter	989,766
Total lease payments	1,909,508
Less imputed interest	(255,447)
Present value of minimum lease payments	1,654,061
Less current portion	(173,238)
	$ 1,480,823

Note 4. Letters of Credit

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. The remaining amount due by DG to the co-tenant was $136,161 as of June 30, 2023 and 2022.

Note 5. Investments and Fair Value Measurements

As of June 30, 2023, DG investments consisted of the following:

	Cost	Fair Market Value	Unrealized (Losses)
Investments	$ - -	$ - -	$ - -
Total	$ - -	$ - -	$ - -

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)

The following table presents the balance of financial assets measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments	$ - -	$ - -	$ - -	$ - -

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. Payments are applied to accrued interest first and then to principal. Aggregate maturities of the note payable during the next five fiscal years are 2024, $0; 2025, $9,467; 2026, $26,140; 2027, $26,868, 2028, $27,616 and $909,909 thereafter.

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, 2023 and 2022, contributions to the Plan totaled $72,651 and $63,530, respectively, and were included in salaries and related benefits expense in the accompanying schedules of functional expenses. As of June 30, 2023 and 2022, $22,254 and $16,841, 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 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 2023. 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 contributed equal capital, 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, 2023 and 2022, DG's equity in collaborative agreement in the accompanying Statements of Financial Position is a deficit of $772,373 and $706,373, respectively. The accompanying Statements of Activities includes rental loss in the amounts of $66,000 and $398,336, respectively, for the years ended June 30, 2023 and 2022 as a result of the arrangement mentioned above. At June 30, 2023 and 2022, Grants and contracts receivable, net of current portion, less discount in the Statement of Financial Position includes $195,387 due from OGH which will be paid once OHG generates enough cash surpluses.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Education data-driven decision mapping research in East and West Africa	$ 182,666	$ - -
Digital Governance Design Clinics project	167,500	- -
Digital Public	292,409	202,409
Open Heroine	1,861	1,861
Open Heroine Extension	51,920	154,837
Digital Activism Guide	30,000	90,000
Fertilizer Dashboard for Africa	1,638,957	3,388,095
Monitoring Seed Systems	- -	698,671
Tobacco Data in Africa	513,371	2,736,782
Data on youth and tobacco in Africa	3,681,096	- -
aLIVE implementation phase 2	4,017,690	- -
Blockchain for Result	207,827	- -
Digital Advisory Support Services for Accelerated Rural Transformation	964,444	1,874,264
	$ 11,749,741	$ 9,146,919

Net assets released from donor restrictions were as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Administrative Work in Africa	$ - -	$ 46,698
Extractive Data in West Africa	- -	49,818
Digital Public	160,000	397,591
Open Heroine Extension	102,918	44,877
Digital Activism Guide	60,000	- -
Fertilizer Dashboard for Africa	1,749,137	1,556,934
Monitoring Seed Systems	698,672	1,680,376
Tobacco Data in Africa	2,223,410	1,774,986
Digital Advisory Support Services for Accelerated Rural Transformation	909,820	122,736
	$ 5,903,957	$ 5,674,016

Note 11. Related Party Transactions

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 ended June 30, 2023 and 2022, total transactions between IREX and DG amounted to $222,234 and $10,254, respectively. Contract accounts receivable in the accompanying Statement of Financial Position as of June 30, 2023 and 2022 include an amount of $101,255 and $10,254, respectively, due from IREX.

Note 12. Revenue Concentration

During fiscal years 2023 and 2022, DG received a significant amount of its support from one and two grantors, respectively. Support received from these grantors net of present value discounts was $8,639,419 and $5,495,507 during the years ended June 30, 2023 and 2022, respectively.

Note 13. Subsequent Events

Subsequent to June 30, 2023, the collaborative agreement will be terminated and DG will assume complete responsibility for OpenGov Hub. Management is in the process of determining how the dissolution and subsequent reorganization of OpenGov Hub will occur. See Note 9.

In preparing these financial statements, DG has evaluated all subsequent events through November 10, 2023, the date the financial statements were available to be issued. There were no additional subsequent events identified that are required to be disclosed in these financial statements. There were no subsequent events identified that are required to be recorded in these financial statements.

Note 14. Schedules of Functional Expenses

The schedule of functional expenses was as follows for the year ended June 30, 2023:

	2023								
	Program Services					Supporting Services			
	RG	ESD	DSP	Other	Total Program Services	Management and General	Business Development	Total Supporting Services	Total Expenses
Salaries and related benefits	$ 113,311	$ 926,402	$ 270,910	$ 7,307	$ 1,317,930	$ 664,998	$ 258,162	$ 923,160	$ 2,241,090
Printing and shipping	549	3,849	- -	- -	4,398	782	50	832	5,230
Subcontracted services	12,978	2,430,910	680,469	- -	3,124,357	- -	- -	- -	3,124,357
Occupancy	- -	7,489	1,072	- -	8,561	188,031	- -	188,031	196,592
Accounting and audit	- -	- -	- -	- -	- -	68,123	- -	68,123	68,123
Legal fees	- -	- -	- -	- -	- -	200	- -	200	200
Corporate insurance	- -	- -	- -	- -	- -	72,656	- -	72,656	72,656
Telephone and internet	872	2,407	187	- -	3,466	1,496	15	1,511	4,977
Travel	29,355	175,565	77,186	- -	282,106	51,699	15,763	67,462	349,568
Contracted services	198,411	2,045,041	394,502	12,264	2,650,218	129,375	54,955	184,330	2,834,548
Office supplies	- -	215	- -	- -	215	318	- -	318	533
Staff recruitment and awards	- -	- -	- -	- -	- -	1,140	105	1,245	1,245
Training, meetings and conferences	- -	50,459	10,911	- -	61,370	35,351	2,693	38,044	99,414
Marketing and management fees	- -	4,165	- -	- -	4,165	253	19	272	4,437
Other and fees	141	- -	234	- -	375	41,086	84	41,170	41,545
Information technology	5,551	48,787	1,937	- -	56,275	79,855	6,642	86,497	142,772
Bad debt	- -	- -	- -	- -	- -	6,254	- -	6,254	6,254
Interest	- -	- -	- -	- -	- -	29,251	- -	29,251	29,251
Total	$ 361,168	$ 5,695,289	$ 1,437,408	$ 19,571	$ 7,513,436	$ 1,370,868	$ 338,488	$ 1,709,356	$ 9,222,792

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

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Development Gateway, Inc. (DG) as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon, which contained a qualified opinion on those financial statements due to 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. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to November 10, 2023.

The IFAD statement of expenditure for the year ended June 30, 2023 is presented for purposes of additional analysis and is 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.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
November 10, 2023

DEVELOPMENT GATEWAY, INC.

Statement of Expenditure
For the Year Ended June 30, 2023

Name of the Recipient: Development Gateway, Inc.
Grant No: 2000003738
Project Name: Digital Advisory Support Services for Accelerated Rural Transformation
Reporting period from July 1, 2022 to June 30, 2023 in USD

Sources of Funds (IFAD)		
IFAD Grant	$	- -

Uses of Funds (IFAD)		
Salaries and Allowances	$	195,988
Consultancies		174,299
Subgrants		392,727
Travel and Allowances		67,310
Workshop Expenses		12,102
Subtotal	**$**	**842,426**
Overhead (8%)		67,394
Non-IFAD		- -
Total Uses of IFAD Funds	**$**	**909,820**