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# **THOUSAND CURRENTS**

**(FORMERLY INTERNATIONAL  
DEVELOPMENT EXCHANGE)**

## **FINANCIAL STATEMENTS**

**June 30, 2017**

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

**THOUSAND CURRENTS**  
**(Formerly International Development Exchange)**

Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-11

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Thousand Currents  
Berkeley, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Thousand Currents (formerly International Development Exchange), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thousand Currents as of June 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Croody & Lameda CPAs LLP*

Oakland, California

January 19, 2018

**THOUSAND CURRENTS**  
**(Formerly International Development Exchange)**

**Statement of Financial Position**  
**June 30, 2017**

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**Assets**

Current Assets	
Cash and cash equivalents	\$ 2,076,148
Accounts receivable	24,549
Grants receivable	610,000
Investments (Note 3)	1,861,551
Employee advances	8,300
Prepaid expenses	<u>29,116</u>
Total Current Assets	<u>4,609,664</u>
Property and equipment, net (Note 5)	<u>3,581</u>
Total Assets	<u><u>\$ 4,613,245</u></u>

**Liabilities and Net Assets**

Current Liabilities	
Accounts payable and accrued expenses	\$ 118,206
Grant payable	97,500
Accrued vacation	<u>60,757</u>
Total Liabilities	<u>276,463</u>
Contingencies (Note 6)	
Net Assets	
Unrestricted	1,151,754
Temporarily restricted (Note 7)	<u>3,185,028</u>
Total Net Assets	<u>4,336,782</u>
Total Liabilities and Net Assets	<u><u>\$ 4,613,245</u></u>

See Notes to the Financial Statements

**THOUSAND CURRENTS**  
**(Formerly International Development Exchange)**

**Statement of Activities**  
**For the Year Ended June 30, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Support			
Contributions	\$ 127,189	\$ 1,639,638	\$ 1,766,827
Foundation and corporate	286,186	2,000,045	2,286,231
Events, net	3,577		3,577
Total Support	<u>416,952</u>	<u>3,639,683</u>	<u>4,056,635</u>
Revenue			
Consulting and service fees	3,512		3,512
Academy tuition	65,582		65,582
Investment activity (Note 3)	135,269		135,269
Other	6,009		6,009
Total Revenue	<u>210,372</u>	<u>-</u>	<u>210,372</u>
Net assets released from donor restrictions (Note 7)	3,736,758	(3,736,758)	-
Total Support and Revenue	<u>4,364,082</u>	<u>(97,075)</u>	<u>4,267,007</u>
<b>Expenses</b>			
Program			
Africa	380,375		380,375
Asia	283,702		283,702
Latin America	503,633		503,633
Partnerships	188,699		188,699
Other	519,013		519,013
Fiscal project	1,724,565		1,724,565
Total program	<u>3,599,987</u>		<u>3,599,987</u>
Management and general	419,987		419,987
Fundraising	649,049		649,049
Total Expenses	<u>4,669,023</u>	<u>-</u>	<u>4,669,023</u>
Change in Net Assets	(304,941)	(97,075)	(402,016)
Net Assets, beginning of year	2,858,195	1,880,603	4,738,798
Reclassification (Note 8)	(1,401,500)	1,401,500	-
Net Assets, beginning of year, reclassified	<u>1,456,695</u>	<u>3,282,103</u>	<u>4,738,798</u>
Net Assets, end of year	<u>\$ 1,151,754</u>	<u>\$ 3,185,028</u>	<u>\$ 4,336,782</u>

See Notes to the Financial Statements

**THOUSAND CURRENTS**  
**(Formerly International Development Exchange)**

**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

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<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (402,016)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Investment activity	(135,269)
Donated stock	(18,103)
Depreciation	2,628
Change in assets and liabilities:	
Accounts receivable	13,887
Grants receivable	1,288,959
Pledges receivable	12,500
Employee advances	6,019
Prepaid expenses	(9,915)
Accounts payable and accrued expenses	53,657
Related party payable	87,500
Accrued vacation	31,819
Sublease security deposit	(1,950)
Net cash provided (used) by operating activities	<u>929,716</u>
<b>Cash flows from investing activities:</b>	
Proceeds from sales of investments	<u>179,683</u>
Net cash provided (used) by investing activities	<u>179,683</u>
Net change in cash and cash equivalents	1,109,399
Cash and cash equivalents, beginning of year	<u>966,749</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,076,148</u></u>

See Notes to the Financial Statements

**THOUSAND CURRENTS**  
**(Formerly International Development Exchange)**

**Statement of Functional Expenses**  
**For the Year Ended June 30, 2017**

	Program	Management and General	Fundraising	Total	Total Expense Allocation	
					Organization	Fiscal Project
Salaries	\$ 1,158,956	\$ 96,178	\$ 232,120	\$ 1,487,254	\$ 812,384	\$ 674,870
Employee benefits	176,301	27,996	43,485	247,782	148,862	98,920
Payroll taxes	97,673	13,025	22,396	133,094	73,078	60,016
Total Personnel	<u>1,432,930</u>	<u>137,199</u>	<u>298,001</u>	<u>1,868,130</u>	<u>1,034,324</u>	<u>833,806</u>
Grants	990,944	-	-	990,944	864,759	126,185
Legal	35,226	23,894	-	59,120	36,384	22,736
Accounting	-	69,513	-	69,513	69,513	-
Investment management	-	16,932	-	16,932	16,932	-
Fee for service	534,534	6,627	108,455	649,616	316,295	333,321
Supplies and office expense	55,733	11,347	35,543	102,623	76,562	26,061
Information technology	1,886	203	2,770	4,859	3,559	1,300
Occupancy	29,406	9,400	16,000	54,806	53,628	1,178
Travel and meals	486,339	23,507	75,377	585,223	215,740	369,483
Conferences and meetings	13,409	6,341	74,768	94,518	87,876	6,642
Depreciation	1,085	742	801	2,628	2,628	-
Insurance	-	1,331	-	1,331	1,331	-
Dues, licenses, service fees	11,362	13,687	9,524	34,573	31,070	3,503
Bank and payroll fees	1,220	79,969	8,819	90,008	13,126	76,882
Relocation costs	5,473	1,902	3,218	10,593	10,593	-
Uncollectible accounts	-	17,000	650	17,650	650	17,000
Other expenses	440	393	15,123	15,956	15,606	350
Total Expenses	<u>\$ 3,599,987</u>	<u>\$ 419,987</u>	<u>\$ 649,049</u>	<u>\$ 4,669,023</u>	<u>\$ 2,850,576</u>	<u>\$ 1,818,447</u>

See Notes to the Financial Statements



**THOUSAND CURRENTS**  
**(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)**

**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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**NOTE 1: NATURE OF ACTIVITIES**

Thousand Currents (the Organization) is a California nonprofit public benefit corporation formed in 1985 that identifies, evaluates, and grows ideas from local leaders and organizations to alleviate poverty and injustice around the world. Thousand Currents connects a passionate and engaged network of supporters to the visionary leaders and organizations creating lasting solutions to their communities' most pressing challenges. Thousand Currents supports grassroots, community-led projects in Africa, Asia and Latin America. Annually, Thousand Current's partners serve people in impoverished communities, including marginalized women, small farmers, indigenous communities, low-income urban residents, sexual and ethnic minorities, and youth.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Basis of Presentation**

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

*Unrestricted net assets* – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

*Temporarily restricted net assets* – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

*Permanently restricted net assets* – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of June 30, 2017.

**Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is

**THOUSAND CURRENTS**  
**(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)**

**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue. All contributions are considered to be available for unrestricted use unless restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Grants and Accounts Receivable**

The Organization considers all grants and accounts receivable to be fully collectible at June 30, 2017. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

**Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2017 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash held in investment accounts for investment purposes is classified with investment balances. For statement of cash flow purposes

**THOUSAND CURRENTS**  
**(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)**

**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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purchases and sales of investments consisted of transfers to and from investment accounts to operating accounts.

**Concentration of Credit Risk**

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

**Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3-7 years
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Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

**Functional Allocation of Expenses**

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

**Subsequent Events**

The Organization has evaluated subsequent events and has concluded that as of January 19, 2018 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

**NOTE 3: INVESTMENTS**

Investments consisted of the following as of June 30, 2017:

Cash and cash equivalents	\$ 8,155
Bond and income exchange traded funds	454,697
REITs and real estate exchange traded funds	245,162
Market neutral and minimum volatility	122,705
Stocks and equity exchange traded funds	<u>1,030,832</u>
Total	<u>\$ 1,861,551</u>

Investment activity consisted of the following for the year ended June 30, 2017:

Realized and unrealized gain	\$ 73,019
Dividends and interest	<u>62,250</u>
Total	<u>\$ 135,269</u>

**THOUSAND CURRENTS**  
**(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)**

**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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**NOTE 4: FAIR VALUE MEASUREMENTS**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

All investments including stocks, bond and real estate exchange traded funds traded on active markets and management valued assets are level 1 inputs as of June 30, 2017.

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2017:

Furniture and equipment	\$ 11,606
Less accumulated depreciation	<u>(8,025)</u>
Total	<u>\$ 3,581</u>

**NOTE 6: CONTINGENCIES**

**Grant Awards**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

**Sabbatical**

The Organization offers a sabbatical to staff who have completed seven years of service subject to a variety of limitations and conditions. Management does not currently have a reasonable estimate of potential future sabbatical expenses.

**NOTE 7: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available as follows at June 30, 2017:

Asia Program	\$ 151,706
Artist in Residence Program	93,333
Black Lives Matter	2,369,989
For future use	<u>570,000</u>
Total	<u>\$ 3,185,028</u>

**THOUSAND CURRENTS**  
**(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)**

**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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Temporarily restricted net assets were released from donor restriction by satisfying the purposes specified by donors as follows during the year ended June 30, 2017:

Africa Program	\$ 61,500
Asia Program	91,294
Latin American Program	401,250
Artist in Residence Program	56,767
Grassroots Climate Solutions Fund	212,500
Buen Vivir Fund	152,500
Black Lives Matter	2,018,447
Passage of time	<u>742,500</u>
Total	<u>\$ 3,736,758</u>

**NOTE 8: RECLASSIFICATION**

Management evaluated opening net assets and determined that it was reasonable to conclude that by specifying future payment dates or multi-year grant periods, donors intended that multi-year grants were intended to support the related periods specified in grant award agreement or payment schedule. As a result the Organization reclassified \$1,401,500 as of June 30, 2016 from unrestricted to temporarily restricted net assets. There was no change to total net assets because of this reclassification.

**NOTE 9: CONCENTRATIONS**

**Support and Grants Receivable**

Grants receivable consist principally of amounts due from foundation funders. Approximately 82% of grants receivables was from one funder as of June 30, 2017. Three foundation funders provided approximately 22% of total support during the year ended June 30, 2017.

**NOTE 10: CONDITIONAL PROMISES TO GIVE**

In addition to the activity on the financials the Organization received the following conditional promise to give: \$1,000,000 payable in two installments in April 2018 and 2019 conditioned on a funder satisfaction of program progress review of interim reporting.