



Certified Public Accountants
and Financial Advisors

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

Financial Statements
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Thousand Currents

Report on the Financial Statements

We have audited the accompanying financial statements of Thousand Currents (formerly International Development Exchange), a nonprofit organization (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform 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 Organization'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 Organization'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 (formerly International Development Exchange) as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

SQUAR MILNER LLP

San Francisco, California
May 20, 2019

THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$ 3,237,857
Deposits	6,900
Grants receivable	1,175,045
Investments	1,454,229
Employee advances	300
Prepaid expenses	<u>31,162</u>
Total current assets	<u>5,905,493</u>
 Property and equipment - net	 <u>5,065</u>
Total assets	 <u><u>\$ 5,910,558</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 106,937
Grants payable	205,184
Accrued payroll and benefits	<u>102,505</u>
Total liabilities	<u>414,626</u>

Net assets

Unrestricted	1,788,915
Temporarily restricted	<u>3,707,017</u>
Total net assets	<u>5,495,932</u>
Total liabilities and net assets	<u><u>\$ 5,910,558</u></u>

THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support			
Contributions	\$ 162,469	\$ 1,379,812	\$ 1,542,281
Foundations and corporations	1,259,013	3,795,440	5,054,453
Total support	<u>1,421,482</u>	<u>5,175,252</u>	<u>6,596,734</u>
Revenue			
Academy tuition	91,685	-	91,685
Realized and unrealized gain on investments	57,192	-	57,192
Interest and dividend income	40,955	-	40,955
Loss on disposal of property and equipment	(2,000)	-	(2,000)
Total revenue	<u>187,832</u>	<u>-</u>	<u>187,832</u>
Net assets released from restrictions	<u>4,653,263</u>	<u>(4,653,263)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>6,262,577</u>	<u>521,989</u>	<u>6,784,566</u>
EXPENSES:			
Program services	4,555,201	-	4,555,201
Supporting services:			
Management and general	317,643	-	317,643
Fundraising	752,572	-	752,572
TOTAL EXPENSES	<u>5,625,416</u>	<u>-</u>	<u>5,625,416</u>
Change in net assets	637,161	521,989	1,159,150
Net assets - beginning of year	<u>1,151,754</u>	<u>3,185,028</u>	<u>4,336,782</u>
Net assets - end of year	<u>\$ 1,788,915</u>	<u>\$ 3,707,017</u>	<u>\$ 5,495,932</u>

THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	<u>Programs</u>			Total Programs	<u>Supporting Services</u>		Total Expenses
	Fiscal Project	Grants and Grantee Services	Education & Outreach		Management and General	Fundraising	
Salaries	\$ 649,484	\$ 421,456	\$ 206,219	\$ 1,277,159	\$ 134,841	\$ 310,643	\$ 1,722,643
Employee benefits	115,615	62,413	43,492	221,520	30,929	67,553	320,002
Payroll taxes	55,179	26,273	19,055	100,507	12,196	28,864	141,567
Total personnel	<u>820,278</u>	<u>510,142</u>	<u>268,766</u>	<u>1,599,186</u>	<u>177,966</u>	<u>407,060</u>	<u>2,184,212</u>
Grants	112,341	903,420	175,000	1,190,761	-	-	1,190,761
Consultant fees	432,839	148,282	198,550	779,671	11,757	80,351	871,779
Travel and meals	336,185	175,353	25,659	537,197	17,725	56,582	611,504
Legal	40,409	1,794	103,740	145,943	5,802	1,970	153,715
Occupancy	14,342	41,110	28,061	83,513	17,712	46,896	148,121
Bank and payroll fees	56,470	4,816	2,281	63,567	3,090	31,598	98,255
Dues, licenses, service fees	11,492	5,766	13,513	30,771	2,311	37,592	70,674
Conferences and meetings	-	2,457	3,923	6,380	1,140	56,955	64,475
Accounting	-	-	8,000	8,000	53,470	-	61,470
Supplies and office expenses	22,657	6,611	8,370	37,638	6,035	14,495	58,168
Language interpretation	59	19,429	9,242	28,730	60	15,870	44,660
Insurance	26,334	1,539	1,116	28,989	3,832	1,691	34,512
Investment management	-	-	-	-	16,096	-	16,096
Information technology	3,696	1,551	1,457	6,704	421	996	8,121
Other expenses	7,312	-	-	7,312	-	-	7,312
Depreciation	-	489	350	839	226	516	1,581
Total expenditures	<u>\$ 1,884,414</u>	<u>\$ 1,822,759</u>	<u>\$ 848,028</u>	<u>\$ 4,555,201</u>	<u>\$ 317,643</u>	<u>\$ 752,572</u>	<u>\$ 5,625,416</u>

THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 1,159,150
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Realized and unrealized gains on investments	(57,192)
Depreciation	1,581
Loss on disposal of property and equipment	2,000
Changes in operating assets and liabilities:	
Accounts receivable	24,549
Deposits	(6,900)
Grants receivable	(565,045)
Employee advances	8,000
Prepaid expenses	(2,046)
Accounts payable and accrued expenses	(11,269)
Grants payable	107,684
Accrued payroll and benefits	41,748
Net cash provided by operating activities	702,260

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales of investments	869,049
Purchase of investments	(404,535)
Purchase of property and equipment	(5,065)
Net cash provided by investing activities	459,449
Net increase in cash and cash equivalents	1,161,709

Cash - beginning of year	2,076,148
Cash - end of year	\$ 3,237,857

**THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

1. ORGANIZATION AND NATURE OF ACTIVITIES

Thousand Currents (formerly International Development Exchange), (the “Organization”) is a California nonprofit public benefit corporation formed in 1985 that partners with grassroots groups, led by women, youth, and Indigenous Peoples in the Global South who are transforming their communities and creating lasting solutions to their shared global challenges.

The Organization’s programs include:

- Grants and Grantee services: In addition to providing financial resources to partners in Africa, Asia, and Latin America, Thousand Currents organizes local and transnational learning exchanges and facilitates strategic networks and alliances. Through the CLIMA Fund, they work in collaboration with their peers to increase resources to our grassroots partners.
- Philanthropic Outreach and Education: Thousand currents works to educate, train and support philanthropists to engage in meaningful and transformative giving through programs such as the Thousand Currents Academy and Diaspora Partnerships. They also model effective giving and investment practices by creating experimental programs like the Buen Vivir Fund.
- Lastly, Thousand Currents works in solidarity with groups in the United States by offering fiscal sponsorship services.

In January, 2018, the Organization formed Buen Vivir Investment Management, LLC, (BVIM) with the Organization as its sole member. BVIM’s purpose is to further the charitable purpose of the Organization and to support investment related activities that are within the Organizations’ programmatic focus. In February, 2018, BVIM entered into an operating agreement with the Buen Vivir Fund, LLC (BVF) to act as its implementing member and manage the day to day activities of the Fund under the direction of the Members Assembly, as defined in the agreement. BVIM has no ownership interest in BVF. There was no activity in BVIM during the year ended June 30, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Description of Net Assets

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Net Assets (continued)

Unrestricted Net Assets

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

Temporarily restricted net assets consist of 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

Permanently restricted net assets consist of 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, 2018.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its cash balances at various financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. At various times throughout the year, the balances in these accounts may be in excess of insured amounts. Money market fund are protected under the Securities Investor Protection Corporation (SIPC) up to \$500,000, with additional private insurance purchased by the financial institution up to \$1,150,000. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant risk on these excess deposits.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, with a maturity of three months or less at the time of purchase, to be cash equivalents. The Organization holds its available cash in a checking and investment account with a major United States bank and with a brokerage house, respectively.

THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Accounts Receivable

The Organization considers all grants and accounts receivable to be fully collectible at June 30, 2018. 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.

Investments

Investments consist of equities, exchange traded funds, and real estate investment trusts that are recorded at their published fair market value. Unrealized and realized gains and losses are reflected as increases or decreases in the statement of activities. Marketable equity securities or investments received by donation are sold as soon as practicable after receipt, and are classified based on the donor's intention.

Fair Value Measurements

The Organization considers the use of market-based information over entity specific information in valuing its investments, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of the financial assets, as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- *Level 1* inputs to the valuation methodology - quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2* inputs to the valuation methodology - quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.
- *Level 3* inputs to the valuation methodology - unobservable and significant to the fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

An asset or liability's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which range from 3 to 7 years. The Organization capitalizes assets with a cost or donated value of \$5,000 or more and an estimated life greater than one year.

**THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

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.

Grants Payable

Unconditional grants are recognized as grant expense and a liability when the Organization approves the grants. Grant refunds are recorded as receivable and as a reduction of grant expense at the time the Organization becomes aware the grant will be refunded.

Sabbatical

The Organization offers a sabbatical to staff who have completed seven years of service subject to a variety of limitations and conditions. There was no accrued sabbatical as of June 30, 2018.

Revenue Recognition

Contributions and Grants

Contributions and grants, including unconditional promises to give, from individuals, foundations, corporations, and amounts collected as part of special events, are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Unconditional promises to give, including contributions from individuals and foundation grants, are recorded at their net realizable values. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time the conditions are substantially met.

Contributions - in-Kind

Donations of materials are recorded as support at their fair value on the date of the donation. Donated services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and by California Revenue and Taxation Code Section 23701(d), and accordingly, is not subject to federal and California income taxes.

Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority, and hence, do not need to be measured or disclosed in these financial statements.

Functional Allocation of Expenses

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

New Accounting Pronouncements

In August of 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). ASU 2016-14 changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization is in the process of assessing the potential impact of this guidance on its financial statements.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure through the date the financial statements are available to be issued, May 20, 2019.

THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

3. GRANTS RECEIVABLE

At June 30, 2018, grants receivable are due as follows:

Receivable in less than one year	\$ 815,045
Receivable in two to five years	<u>360,000</u>
	<u>\$ 1,175,045</u>

In addition, at June 30, 2018, the Organization has conditional grants totaling \$3,439,500, from various grant agreements from a single grantor to be made upon the approval by the grantor of the annual reports in accordance with the terms of the various grant agreements.

4. INVESTMENTS

At June 30, 2018, investments consisted of the following:

Bond funds	\$ 147,167
Equity funds	476,361
Equities	392,833
Exchange traded funds	376,482
REITs	<u>61,386</u>
	<u>\$ 1,454,229</u>

The Organization's investments are measured on a recurring basis using quoted prices in active markets for identical assets (level 1).

5. PROPERTY AND EQUIPMENT

At June 30, 2018, property and equipment are comprised of the following:

Furniture and equipment	\$ 9,064
Less: Accumulated depreciation	<u>(3,999)</u>
	<u>\$ 5,065</u>

For the year ended June 30, 2018, depreciation expense amounted to \$1,581.

THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

6. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, temporarily restricted net assets consisted of the following:

Africa Program	\$ 90,000
Black Lives Matter	2,622,017
Program Activities*	85,000
For future use	<u>910,000</u>
	<u>\$ 3,707,017</u>

During the year ended June 30, 2018, temporarily restricted net assets were released from the following purposes:

Africa Program	\$ 235,000
Asia Program	217,706
Latin American Program	399,250
Program Activities*	708,333
Black Lives Matter	1,899,174
Passage of time	<u>1,193,800</u>
	<u>\$ 4,653,263</u>

*Program Activities include (Thousand Currents Academy, Artist in Residence, CLIMA Fund, Buen Vivir Fund, and Mapping Project)

7. LEASE OBLIGATIONS

The Organization leased facilities under various leases requiring monthly payments ranging from approximately \$1,100 to \$4,700, which expired at various dates through March 2019. Future minimum lease payments for facilities and equipment were as follows:

<u>Year ended June 30,</u>	
2019	<u>\$ 51,012</u>

Subsequent to year end, the Organization's office lease has been renewed through March 2020. Total rent expense amounted to \$ 77,066 for the year ended June 30, 2018.

**THOUSAND CURRENTS
(FORMERLY INTERNATIONAL DEVELOPMENT EXCHANGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

8. 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.

9. CONCENTRATIONS

At June 30, 2018, the Organization had two donors representing approximately 70% of grants receivable. For the year ended June 30, 2018, the Organization had one donor representing approximately 31% of total support revenue.