

# **NEW INCENTIVES - ALL BABIES ARE EQUAL INITIATIVE**

Audited Consolidated Financial Statements

December 31, 2020

# CCTmarketplace dba New Incentives and Subsidiary

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## Independent Auditor's Report

To the Board of Directors  
CCTmarketplace dba New Incentives

We have audited the accompanying consolidated financial statements of CCTmarketplace dba New Incentives and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of CCTmarketplace dba New Incentives and Subsidiary as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Los Angeles, California  
September 27, 2021

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statements of Financial Position  
December 31, 2020 and 2019**

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current assets		
Cash	\$ 1,494,810	\$ 1,620,405
Current portion of pledges receivable	5,711,246	-
Prepaid expenses	55,412	75,531
	<u>7,261,468</u>	<u>1,695,936</u>
Total current assets	7,261,468	1,695,936
Pledge receivable, net of current portion	<u>11,160,846</u>	<u>-</u>
Total assets	<u>\$ 18,422,314</u>	<u>\$ 1,695,936</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable	<u>\$ 112,553</u>	<u>\$ 80,117</u>
Total current liabilities	112,553	80,117
Contingency		
Net assets		
Without donor restrictions	1,437,669	1,615,819
With donor restrictions	<u>16,872,092</u>	<u>-</u>
Total net assets	<u>18,309,761</u>	<u>1,615,819</u>
Total liabilities and net assets	<u>\$ 18,422,314</u>	<u>\$ 1,695,936</u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statements of Activities  
For the Year Ended December 31, 2020**

	Without donor restrictions	With donor restrictions	Total
Support			
Foundation grants	\$ 2,001,380	\$ 16,872,092	\$ 18,873,472
Individual donations and other income	69,578	-	69,578
Total support	<u>2,070,958</u>	<u>16,872,092</u>	<u>18,943,050</u>
Expenses			
Program services	1,959,128	-	1,959,128
Management and general	196,497	-	196,497
Fundraising	51,886	-	51,886
Total expenses	<u>2,207,511</u>	<u>-</u>	<u>2,207,511</u>
Foreign currency translation adjustment	<u>(41,597)</u>	<u>-</u>	<u>(41,597)</u>
Change in net assets	(178,150)	16,872,092	16,693,942
Net assets, beginning	<u>1,615,819</u>	<u>-</u>	<u>1,615,819</u>
Net assets, end	<u><u>\$ 1,437,669</u></u>	<u><u>\$ 16,872,092</u></u>	<u><u>\$ 18,309,761</u></u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statements of Activities  
For the Year Ended December 31, 2019**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support			
Foundation grants	\$ 1,500	\$ -	\$ 1,500
Individual donations and other income	<u>19,552</u>	<u>-</u>	<u>19,552</u>
Total support	<u>21,052</u>	<u>-</u>	<u>21,052</u>
Expenses			
Program services	2,932,973	-	2,932,973
Management and general	119,476	-	119,476
Fundraising	<u>18,018</u>	<u>-</u>	<u>18,018</u>
Total expenses	<u>3,070,467</u>	<u>-</u>	<u>3,070,467</u>
Foreign currency translation adjustment	<u>5,511</u>	<u>-</u>	<u>5,511</u>
Change in net assets	(3,043,904)	-	(3,043,904)
Net assets, beginning	<u>4,659,723</u>	<u>-</u>	<u>4,659,723</u>
Net assets, end	<u>\$ 1,615,819</u>	<u>\$ -</u>	<u>\$ 1,615,819</u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2020**

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Conditional cash transfers	\$ 636,955	\$ -	\$ -	\$ 636,955
Salaries, benefits, and payroll taxes	660,063	87,819	51,160	799,042
Travel and field transportation	240,411	-	-	240,411
Communication and technology	68,616	6,680	-	75,296
Accessories	5,337	-	116	5,453
Office expenses	14,563	1,968	-	16,531
Professional fees	3,396	84,763	-	88,159
Insurance	35,105	-	-	35,105
Consultants	175,465	15,267	610	191,342
Stakeholder relations	22,595	-	-	22,595
Research	52,866	-	-	52,866
Field supplies	43,756	-	-	43,756
Total	<u>\$ 1,959,128</u>	<u>\$ 196,497</u>	<u>\$ 51,886</u>	<u>\$ 2,207,511</u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019**

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Conditional cash transfers	\$ 837,776	\$ -	\$ -	\$ 837,776
Salaries, benefits, and payroll taxes	666,978	58,205	17,979	743,162
Travel and field transportation	756,178	-	29	756,207
Communication and technology	81,419	2,923	-	84,342
Accessories	80,098	2,708	-	82,806
Office expenses	34,171	6,655	-	40,826
Professional fees	11,073	48,985	-	60,058
Miscellaneous	4,906	-	10	4,916
Insurance	20,874	-	-	20,874
Consultants	290,599	-	-	290,599
Stakeholder relations	76,546	-	-	76,546
Research	6,723	-	-	6,723
Field supplies	65,632	-	-	65,632
Total	<u>\$ 2,932,973</u>	<u>\$ 119,476</u>	<u>\$ 18,018</u>	<u>\$ 3,070,467</u>

See Notes to Consolidated Financial Statements.



**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 16,693,942	\$ (3,043,904)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Changes in discount of grant receivable	29,316	-
Changes in operating assets and liabilities		
Pledges receivable	(16,901,408)	2,273
Prepaid expenses	20,119	(4,336)
Accounts payable	32,436	(10,411)
	<u>(125,595)</u>	<u>(3,056,378)</u>
Net cash used in operating activities		
	(125,595)	(3,056,378)
Net decrease in cash		
Cash, beginning	<u>1,620,405</u>	<u>4,676,783</u>
Cash, end	<u>\$ 1,494,810</u>	<u>\$ 1,620,405</u>

See Notes to Consolidated Financial Statements.

## CCTmarketplace dba New Incentives and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2020 and 2019

#### Note 1 - Business and summary of significant accounting policies

##### **Business**

CCTmarketplace dba New Incentives (a California nonprofit corporation) ("New Incentives") was formed in California in 2011 and its subsidiary, All Babies Are Equal Initiative ("Subsidiary") was formed in 2014. Collectively (the "Organization") is designated as a 501(c)(3) nonprofit corporation. The Organization operates a program where low-income mothers are given cash transfers for immunizing their infants. This is known as Conditional Cash Transfers ("CCTs"). CCTs are one of the most evidence-based activities in international development. Through its Subsidiary, the Organization operates a conditional cash transfer program in Northern Nigeria, a region with one of the lowest immunization rates worldwide. Many program recipients live below the poverty line and earn less than \$1 a day. Vaccine preventable diseases account for approximately 22% of child deaths in Nigeria. This means that the death of over 200,000 Nigerian children could have been prevented through immunizations. By providing conditional cash transfers to parents and infants, New Incentives strives to protect communities against deadly diseases and reduce poverty with a highly cost-effective intervention.

##### **Nature of activities**

###### **Program services**

Includes costs necessary for verifying cash transfer conditions, delivering CCTs, and continued success of the program mission.

###### **General and administrative**

Includes the functions necessary to support the programs; ensure an adequate working environment; provide coordination of the Organization's program strategy; secure proper administrative functioning of the management and Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

###### **Fundraising**

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

##### **Basis of presentation and principles of consolidation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include the accounts of New Incentives and its Subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

##### **Financial statement presentation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, which are described as follows:

*Net assets without donor restrictions* - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate net assets without donor restrictions for specific purposes. The governing board designates CCT commitments as board designated net assets without donor restrictions. At December 31, 2020 and 2019, the governing board designated \$297,846 and \$0, respectively, as board designated net assets without donor restrictions.

## **CCTmarketplace dba New Incentives and Subsidiary**

### **Notes to Consolidated Financial Statements December 31, 2020 and 2019**

*Net assets with donor restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2020, the Organization has pledge receivables that are designated as net assets with donor restrictions due to time restrictions. These net assets have no other donor placed restrictions. At December 31, 2019, the Organization does not have any net assets with donor restrictions.

#### **Contributions**

Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions, which limit the use of the donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as contributions with donor restrictions perpetual. Contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as net assets without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, shall be recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. At December 31, 2020 and 2019, the Organization did not have any conditional contributions.

#### **Pledges receivable**

Pledges receivable is stated at unpaid balances, less a discount on the pledges receivable due in greater than one year.

#### **Functional allocation of expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program services, management and general, and fundraising activities based on time spent and usage of goods and services.

#### **Foreign currency translation**

The consolidated financial statements of the Subsidiary are translated into United States dollars, using current and historical exchange rates, as appropriate. The functional currency is the Nigerian naira, and accordingly, foreign currency translation adjustments have been included as a component of consolidated statements of activities.

#### **Income taxes**

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

The Organization has no unrecognized tax benefits at December 31, 2020 and 2019. The Organization's federal and state information returns prior to 2017 and 2016, respectively, are closed

## CCTmarketplace dba New Incentives and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2020 and 2019

and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization recognizes interest and penalties associated with tax matters, if applicable, as part of management and general expense and includes accrued interest and penalties with accounts payable in the consolidated statement of financial position.

All Babies Are Equal Initiative is an association with incorporated trustees registered under Nigerian law with the Corporate Affairs Commission and is subject to the laws and regulations of Nigeria.

#### Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Subsequent events

Management evaluated activity of the Company through September 27, 2021, the date the consolidated financial statements were available to be issued.

#### Note 2 - Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has financial assets available to meet operating needs and commitments over the next 12 months. In addition, the Organization continues to receive new pledge commitments (see Note 5).

At December 31, 2020 and 2019, financial assets available for general expenditures within one year of the statement of financial position date consist of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,494,810	\$ 1,620,405
Current portion of pledges receivable	<u>5,711,246</u>	<u>-</u>
Total	<u>\$ 7,206,056</u>	<u>\$ 1,620,405</u>

#### Note 3 - Concentrations

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash. The Organization maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

For the years ended December 31, 2020 and 2019, 99% and 48%, of total support came from two and one grantor, respectively. At December 31, 2020, 99% of pledges receivable are due from one grantor.

## CCTmarketplace dba New Incentives and Subsidiary

### Notes to Consolidated Financial Statements December 31, 2020 and 2019

#### Note 4 - Cumulative translation adjustment

Translation adjustments consist of foreign currency translation adjustments associated with All Babies Are Equal Initiative. Changes in the cumulative translation adjustments are reported in the consolidated statement of activities and changes in net assets. The changes in the cumulative translation adjustments for the years ended December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ (28,071)	\$ (33,582)
Foreign currency translation adjustment	<u>(41,597)</u>	<u>5,511</u>
Balance at end of year	<u>\$ (69,668)</u>	<u>\$ (28,071)</u>

#### Note 5 - Pledges receivable

At December 31, 2020, pledges receivable consists of unconditional promises to give and have been recorded at their present values. The receivable that is due in future periods has been discounted to their present value, using a discount rate consistent with the IRS short-term applicable federal rate of 0.14%. At December 31, 2020 the receivable is recorded as follows:

Due in one year	\$ 5,711,246
Due in two to five years	<u>11,190,162</u>
Total	16,901,408
Less discount to net present value	<u>(29,316)</u>
	<u>\$ 16,872,092</u>

#### Note 6 - Contingency

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The spread of this virus globally has caused business disruption domestically in the United States and globally. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this uncertainty. The current situation is not expected to have an impact on the Organization's financial condition, results of operations, or cash flows as the organization received a pledge commitment of \$16,785,243 during 2020 to fund operations through December 31, 2023. The Organization has also implemented comprehensive COVID-19 safety measures to ensure the safety of program participants and staff, and mitigate COVID-19 risks on its field operations.

**CCTmarketplace dba New Incentives and Subsidiary**

**Notes to Consolidated Financial Statements  
December 31, 2020 and 2019**

**Note 7 - Net assets**

Net assets without donor restrictions at December 31, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Board designated for CCT commitments	\$ 297,846	\$ -
Undesignated	<u>1,139,823</u>	<u>1,615,819</u>
Total	<u>\$ 1,437,669</u>	<u>\$ 1,615,819</u>

Net assets with donor restrictions at December 31, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Purpose restrictions	\$ -	\$ -
Time restrictions	<u>16,872,092</u>	<u>-</u>
Total	<u>\$ 16,872,092</u>	<u>\$ -</u>



**All Babies  
Are Equal**

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