

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

Audited Consolidated Financial Statements

December 31, 2021

# **CCTmarketplace dba New Incentives and Subsidiary**

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## Independent Auditor's Report

To the Board of Directors  
CCTmarketplace dba New Incentives

### *Opinion*

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, 2021 and 2020, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CCTmarketplace dba New Incentives and Subsidiary as of December 31, 2021 and 2020, 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.

### *Basis for Opinion*

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 CCTmarketplace dba New Incentives and Subsidiary 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 audit opinion.

### *Responsibilities of Management for the 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CCTmarketplace dba New Incentives and Subsidiary's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 CCTmarketplace dba New Incentives and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCTmarketplace dba New Incentives and Subsidiary'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.



Los Angeles, California  
September 28, 2022

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statements of Financial Position  
December 31, 2021 and 2020**

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 20,953,730	\$ 1,494,810
Current portion of pledges receivable	5,718,548	5,711,246
Prepaid expenses	<u>203,050</u>	<u>55,412</u>
Total current assets	26,875,328	7,261,468
Pledge receivable, net of current portion	2,783,750	11,160,846
Capital assets, net	<u>13,845</u>	<u>-</u>
Total assets	<u><u>\$ 29,672,923</u></u>	<u><u>\$ 18,422,314</u></u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable	<u>\$ 208,706</u>	<u>\$ 112,553</u>
Total current liabilities	<u>208,706</u>	<u>112,553</u>
Contingency		
Net assets		
Without donor restrictions	20,961,919	1,437,669
With donor restrictions	<u>8,502,298</u>	<u>16,872,092</u>
Total net assets	<u>29,464,217</u>	<u>18,309,761</u>
Total liabilities and net assets	<u><u>\$ 29,672,923</u></u>	<u><u>\$ 18,422,314</u></u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statement of Activities  
For the Year Ended December 31, 2021**

	Without donor restrictions	With donor restrictions	Total
Support			
Foundation grants	\$ 13,959,877	\$ 123,167	\$ 14,083,044
Individual donations	245,215	300	245,515
Other income	17,915	0	17,915
Net assets released from restrictions	<u>8,493,261</u>	<u>(8,493,261)</u>	<u>-</u>
Total support	<u>22,716,268</u>	<u>(8,369,794)</u>	<u>14,346,474</u>
Expenses			
Program services	2,902,971	-	2,902,971
Management and general	213,972	-	213,972
Fundraising	<u>59,993</u>	<u>-</u>	<u>59,993</u>
Total expenses	<u>3,176,936</u>	<u>-</u>	<u>3,176,936</u>
Foreign currency translation adjustment	<u>(15,082)</u>	<u>-</u>	<u>(15,082)</u>
Change in net assets	19,524,250	(8,369,794)	11,154,456
Net assets, beginning	<u>1,437,669</u>	<u>16,872,092</u>	<u>18,309,761</u>
Net assets, end	<u>\$ 20,961,919</u>	<u>\$ 8,502,298</u>	<u>\$ 29,464,217</u>

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statement 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	2,070,958	16,872,092	18,943,050
Expenses			
Program services	1,959,128	-	1,959,128
Management and general	196,497	-	196,497
Fundraising	51,886	-	51,886
Total expenses	2,207,511	-	2,207,511
Foreign currency translation adjustment	(41,597)	-	(41,597)
Change in net assets	(178,150)	16,872,092	16,693,942
Net assets, beginning	1,615,819	-	1,615,819
Net assets, end	\$ 1,437,669	\$ 16,872,092	\$ 18,309,761

See Notes to Consolidated Financial Statements.

**CCTmarketplace dba New Incentives and Subsidiary**

**Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2021**

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Conditional cash transfers	\$ 759,613	\$ -	\$ -	\$ 759,613
Salaries, benefits, taxes and consultants	1,108,802	147,703	59,993	1,316,498
Field Activities and Transportation	469,535	-	-	469,535
Field Supplies	225,714	-	-	225,714
Stakeholder relations	75,605	-	-	75,605
Communications and technology	121,820	12,652	-	134,472
Office Expenses and Accessories	89,640	5,949	-	95,589
Accounting, Legal, Insurance and other expenses	52,242	47,668	-	99,910
Total	<u>\$ 2,902,971</u>	<u>\$ 213,972</u>	<u>\$ 59,993</u>	<u>\$ 3,176,936</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, taxes and consultants	888,425	103,086	51,770	1,043,281
Field Activities and Transportation	240,411	-	-	240,411
Field Supplies	55,265	-	-	55,265
Stakeholder relations	22,595	-	-	22,595
Communications and technology	68,616	6,680	-	75,296
Office Expenses and Accessories	8,392	1,968	116	10,476
Accounting, Legal, Insurance and other expenses	<u>38,469</u>	<u>84,763</u>	<u>-</u>	<u>123,232</u>
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 Statements of Cash Flows  
For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 11,154,456	\$ 16,693,942
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	6,299	-
Changes in discount of pledges receivable	(15,525)	29,316
Changes in operating assets and liabilities		
Pledges receivable	8,385,319	(16,901,408)
Prepaid expenses	(147,638)	20,119
Accounts payable	<u>96,153</u>	<u>32,436</u>
Net cash provided by (used in) operating activities	<u>19,479,064</u>	<u>(125,595)</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(20,144)</u>	<u>-</u>
Net cash used in investing activities	<u>(20,144)</u>	<u>-</u>
Net increase (decrease) in cash	19,458,920	(125,595)
Cash, beginning	<u>1,494,810</u>	<u>1,620,405</u>
Cash, end	<u><u>\$ 20,953,730</u></u>	<u><u>\$ 1,494,810</u></u>

See Notes to Consolidated Financial Statements.

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

### **Notes to Consolidated Financial Statements December 31, 2021 and 2020**

#### **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, 2021 and 2020, the governing board designated \$1,387,540 and \$297,846, respectively, as board designated net assets without donor restrictions.

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

### **Notes to Consolidated Financial Statements December 31, 2021 and 2020**

*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, 2021 and 2020, the Organization has pledges receivable that are designated as net assets with donor restrictions due to time restrictions. These net assets have no other donor placed 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, 2021 and 2020, 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.

#### **Capital Assets**

Capital assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the useful lives of the assets of 1.5 years. Repairs and maintenance are charged to expense as incurred.

#### **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.

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

### **Notes to Consolidated Financial Statements December 31, 2021 and 2020**

The Organization has no unrecognized tax benefits at December 31, 2021 and 2020. The Organization's federal and state information returns prior to 2018 and 2017, respectively, are closed 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 Organization through September 28, 2022, 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, 2021 and 2020, financial assets available for general expenditures within one year of the statement of financial position date consist of the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 20,953,730	\$ 1,494,810
Current portion of pledges receivable	<u>5,718,548</u>	<u>5,711,246</u>
Total	<u><u>\$ 26,672,278</u></u>	<u><u>\$ 7,206,056</u></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, 2021 and 2020, 89% and 99%, of total support came from one and two grantors, respectively. At December 31, 2021 and 2020, 99% of pledges receivable are due from one grantor.

# CCTmarketplace dba New Incentives and Subsidiary

## Notes to Consolidated Financial Statements December 31, 2021 and 2020

### 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, 2021 and 2020, is as follows:

	2021	2020
Balance at beginning of year	\$ (69,668)	\$ (28,071)
Foreign currency translation adjustment	(15,082)	(41,597)
Balance at end of year	<u>\$ (84,750)</u>	<u>\$ (69,668)</u>

### Note 5 - Pledges receivable

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 its present value, using a discount rate consistent with the IRS short-term applicable federal rate of 0.14%. At December 31, 2021 and 2020, the pledges receivable is recorded as follows:

	2021	2020
Due in one year	\$ 5,718,548	\$ 5,711,246
Due in two to five years	2,797,541	11,190,162
Total	8,516,089	16,901,408
Less discount to net present value	(13,791)	(29,316)
	<u>\$ 8,502,298</u>	<u>\$ 16,872,092</u>

### Note 6 - Capital assets

At December 31, 2021, capital assets consist of the following:

	2021	2020
Capital assets	\$ 20,144	\$ -
Accumulated depreciation	(6,299)	-
Capital assets, net	<u>\$ 13,845</u>	<u>\$ -</u>

Depreciation expense for the year ended December 31, 2021 was \$6,299.

**CCTmarketplace dba New Incentives and Subsidiary****Notes to Consolidated Financial Statements  
December 31, 2021 and 2020****Note 7 - Contingency**

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to 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. 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. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Organization.

**Note 8 - Net assets**

Net assets without donor restrictions at December 31, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Board designated for CCT commitments	\$ 1,387,540	\$ 297,846
Board designated for emergency reserve fund	500,000	-
Undesignated	<u>19,074,379</u>	<u>1,139,823</u>
Total	<u>\$ 20,961,919</u>	<u>\$ 1,437,669</u>

Net assets with donor restrictions at December 31, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Purpose restrictions	\$ -	\$ -
Time restrictions	<u>8,502,298</u>	<u>16,872,092</u>
Total	<u>\$ 8,502,298</u>	<u>\$ 16,872,092</u>



**All Babies  
Are Equal**

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